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LISTING STATEMENT No. 2085

LISTED NOVEMBER 15, 1961
7,500,000 shares \$1 par value
Ticker abbreviation "UCN"
Dial ticker number 204
Post section 8.3

TORONTO STOCK EXCHANGE

LISTING STATEMENT

UNION OIL COMPANY OF CANADA LIMITED

Incorporated under the Companies Act of Canada
by Letters Patent dated December 6, 1921.

1. Address of the Company's Head Office and of any other offices:
709 Eighth Avenue S.W., Calgary, Alberta.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS
Chairman of the Board	Reese Hale Taylor	1255 Shenandoah Road, San Marino, California
President	William Edwin Farrar	1209 Prospect Avenue, Calgary, Alberta.
Vice-President	Edward William Scott	1212 Montreal Avenue, Calgary, Alberta.
Vice-President	Robert R. Roethke	1327 Frontenac Avenue, Calgary, Alberta.
Sec.-Treas. and General Counsel	William Pentelow Taylor	825 Durham Avenue, Calgary, Alberta.
Comptroller	James Irving Bell	1914 Eleventh Street, S.W., Calgary, Alberta.

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
William Edwin Farrar	1209 Prospect Avenue, Calgary, Alberta	Executive
Harold Scanlon Foley	626 West Pender Street, Vancouver 1, B.C.	Executive
Basil Pocock Kantzer	1945 Loma Vista Drive, Beverley Hills, California	Executive
David Griffith McConnell	1250 Lakeshore Drive, Dorval, Quebec	Executive
William Culver Riley	330 Kingsway Avenue, Winnipeg, Manitoba	Executive
Reese Hale Taylor	1255 Shenandoah Road, San Marino, California	Executive
Dudley Tower	446 North Barrington Avenue, Los Angeles, California	Executive

4. Names and addresses of all transfer agents:

The Royal Trust Company in Montreal, Toronto, Winnipeg, Calgary and Vancouver.

5. Particulars of any fee charged upon transfer other than customary government taxes:

No fee charged upon transfer other than customary government taxes.

6. Names and addresses of all registrars:

The Royal Trust Company in Montreal, Toronto, Winnipeg, Calgary and Vancouver.

7. Amount of authorized capital: 7,500,000 shares of the par value of \$1.00 each.
8. Number of shares and par value: 7,500,000 shares of the par value of \$1.00 each.
9. Full details of all shares issued in payment for properties or for any other assets other than cash:
 See heading "History" on page 3 of the Prospectus attached hereto.
 Total 2,995,000 shares.

	Date	Number of Shares	Price per Share	Amount realized by Company
10. Full details of all shares sold for cash.	Feb. 28/22.....	5,000	\$100	\$ 500,000
	Sept. 14/61.....	600,000	15	9,000,000
	Total.....	605,000		\$9,500,000
11. Total number of shares issued.	3,600,000			
12. Number of shares now in treasury or otherwise unissued.	3,900,000			
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	N/A			
14. Date of last annual meeting.	April 28, 1961			
15. Date of last report to shareholders.	No report to shareholders as such has been issued			
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this is to be stated.	None			
17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	N/A			
18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	N/A			
19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	N/A			

20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	N/A
21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Union Oil Company of California, Union Oil Centre, Los Angeles 17, California, hold 3,000,000 of the 3,600,000 issued shares of the Company.
22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	Union Oil Company of California, Union Oil Centre, Los Angeles 17, California is the only Company whose shareholdings are large enough to materially affect control of the Company.
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	Certificate of filing of prospectus D-1 No. 643 dated September 5, 1961 of Alberta Securities Commission. Letter of acceptance dated September 5, 1961 of the Saskatchewan Securities Commission. Letter of acceptance dated September 1, 1961 of the Department of the Secretary of State. Letter of acceptance dated September 5, 1961 of the Superintendent of Brokers, Province of British Columbia. Final approval dated September 5, 1961 of The Winnipeg Stock Exchange. Letter of acceptance dated September 1, 1961 of the Ontario Securities Commission. Letter of acceptance dated August 14, 1961 of the Quebec Securities Commission. Certificate of registration No. 2014 dated September 11, 1961 of Office of the Registrar, The Securities Frauds Prevention Act, Province of New Brunswick. Letter of provisional registration dated September 6, 1961 of Registrar under the Securities Act, Province of Nova Scotia.
24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	No
25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None
26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	See page 16 of the Prospectus attached hereto
27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held.	See paragraph 1 on page 31 of the statutory information forming part of the Prospectus hereto attached

28. Full particulars of any royalties or other charges payable upon production from each individual property.	See heading (7) on pages 22-29 of the Prospectus attached hereto
29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.	N/A
30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	N/A
31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	No
32. Describe plant and equipment on property or properties.	Oil and gas wells and facilities. See page 16 of the Prospectus attached hereto.
33. Describe all development accomplished and planned.	Details of the development accomplished and planned by the Company are set out in the information supplied by Union Oil Company of California and the Company on pages 3, 4, 5, 6, 7 and 8 of the Prospectus attached hereto
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	August 7, 1961 J. C. Sproule, P.Geol. (See page 9 of the Prospectus attached hereto) R. R. McDaniel, P.Eng. (See page 11 of the Prospectus attached hereto)
35. Full particulars of production to date.	Details of production are set out under the heading "Production" on page 7 of the Prospectus attached hereto
36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No
37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Borden, Elliot, Kelley & Palmer The Seventh Floor 250 University Avenue Toronto, Ontario

This prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.

A copy of this prospectus has been filed with the Secretary of State of Canada in accordance with the provisions of the Companies Act (Canada).

New Issue

600,000 Common Shares
(par value \$1 each)

Union Oil Company of Canada Limited

(Incorporated under the laws of Canada)

These shares have been approved for listing on The Toronto Stock Exchange, Montreal Stock Exchange, Calgary Stock Exchange and Vancouver Stock Exchange, subject to the filing of documents and evidence of satisfactory distribution.

Transfer Agent and Registrar
The Royal Trust Company, Montreal, Toronto, Winnipeg, Calgary and Vancouver

We, as principals, offer these shares subject to prior sale and change in price if, as and when issued by Union Oil Company of Canada Limited and accepted by us and subject to the approval of all legal matters on our behalf by Messrs. White, Bristol, Beck & Phipps, Toronto. All legal matters on behalf of the Company will be subject to the approval of Messrs. Borden, Elliot, Kelley & Palmer, Toronto.

Price: \$16 per share

Applications will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books without notice. It is expected that interim share certificates, exchangeable without charge for definitive share certificates when available, will be available for delivery in Montreal, Toronto, Winnipeg, Calgary and Vancouver on or about September 14, 1961.

MAP OF
NORTHWEST TERRITORIES
SHOWING PROPERTIES
IN WHICH
**UNION OIL COMPANY
OF CANADA LIMITED**
HAS INTERESTS



MAP

**CANADA
PROPERTIES**

**COMPANY
LIMITED**
TS

FIELD (orange oval)
OIL PIPE LINE (green dashed line)
GAS PIPE LINE (orange dashed line)
D



The following information has been supplied by Union Oil Company of California and by Union Oil Company of Canada Limited:

The Company

Union Oil Company of Canada Limited (hereinafter sometimes called the "Company") acquired as at August 1, 1961, all the assets of the Canadian Division of Union Oil Company of California and is now engaged in the acquisition, exploration, drilling and development of prospective and proved crude oil and natural gas properties, and in the production and sale of crude oil and natural gas.

The Company has adopted and is implementing the active exploration and development programmes formerly carried on by the Canadian Division of Union Oil Company of California. While the Company will continue the selective acquisition and active exploration of unproven areas with full consideration to eventual market possibilities, the principal objective will be to increase revenues by an orderly development of proven properties of the Company and the acquisition of interests in additional proven properties. Unproven holdings which do not warrant further exploration expenditures and continued payment of rentals will be reduced.

History

The Company was incorporated under the laws of Canada in 1921 and has its head office in Calgary, Alberta. From 1921 to 1945 the Company was engaged in the manufacture, sale and distribution of petroleum products in Western Canada, but not in the exploration for, or the production of, crude oil and natural gas. In 1945 the Company sold its operating assets. From that time to August 1, 1961 it was engaged in the acquisition from time to time of oil and gas reservations and leases for its parent company, Union Oil Company of California (hereinafter sometimes called "Union of California").

By an agreement dated as of August 1, 1961, between the Company and Union of California, the Company acquired as at August 1, 1961, all the assets of the Canadian Division of Union of California (which Division is hereinafter sometimes called the "Canadian Division"). The assets acquired by the Company consisted of all of Union of California's properties and assets in Canada, principally oil and gas lands, rights and leases covering approximately 6,100,000 net acres in Western Canada and in the Northwest Territories, and oil and gas wells and facilities. As the consideration for such properties and assets and in exchange therefor the Company issued to Union of California 2,995,000 fully paid and non-assessable shares of the Company of the par value of \$1 each.

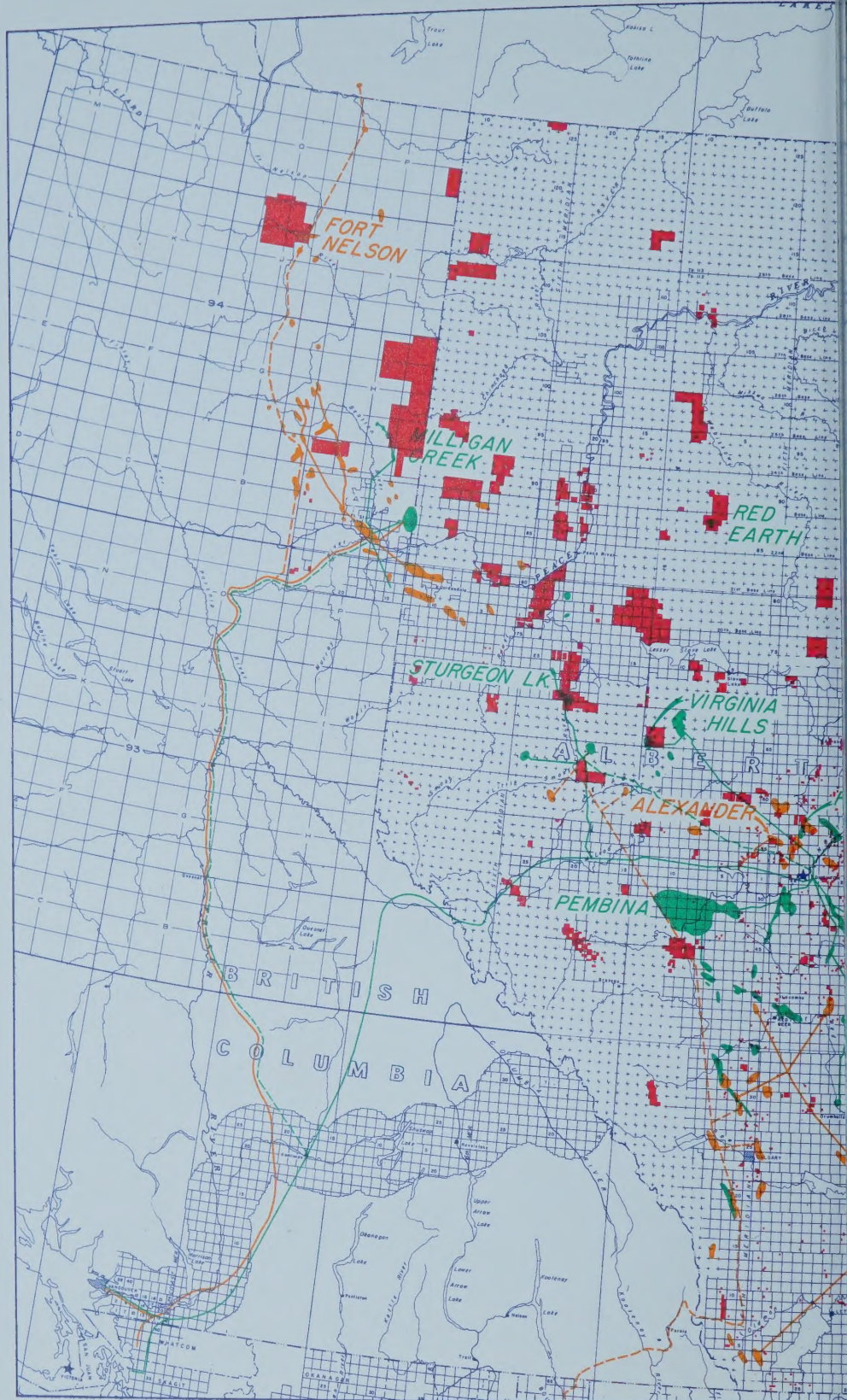
Union Oil Company of California

Union of California owns all of the 3,000,000 outstanding shares in the capital stock of the Company (including the 2,995,000 shares referred to above).

Union of California was incorporated under the laws of the State of California in 1890 and is an integrated oil company with its head office in Los Angeles, California. Its products are distributed and sold principally in California, Oregon, Washington, Arizona, Nevada, Idaho, Montana, Utah, Hawaii and Alaska. As at December 31, 1960 its net proved reserves of crude oil and natural gas liquids were 532,000,000 barrels, while its net proved natural gas reserves were 4 trillion cubic feet, which reserves were located principally in the United States.

According to Union of California's annual report to share owners for the year 1960, its total assets amounted to \$733,937,360 (U.S.), its total share owners' equity amounted to \$471,703,024 (U.S.) and its net income for the year ended December 31, 1960 amounted to \$34,478,451 (U.S.).

The Canadian Division commenced operations in 1949 and was engaged continuously in active exploration and development programmes until July 31, 1961.



OIL AND GAS MAP
OF
WESTERN CANADA
SHOWING PROPERTIES
IN WHICH
UNION OIL COMPANY
OF CANADA LIMITED
HAS INTERESTS

LEGEND

OIL FIELD

GAS FIELD

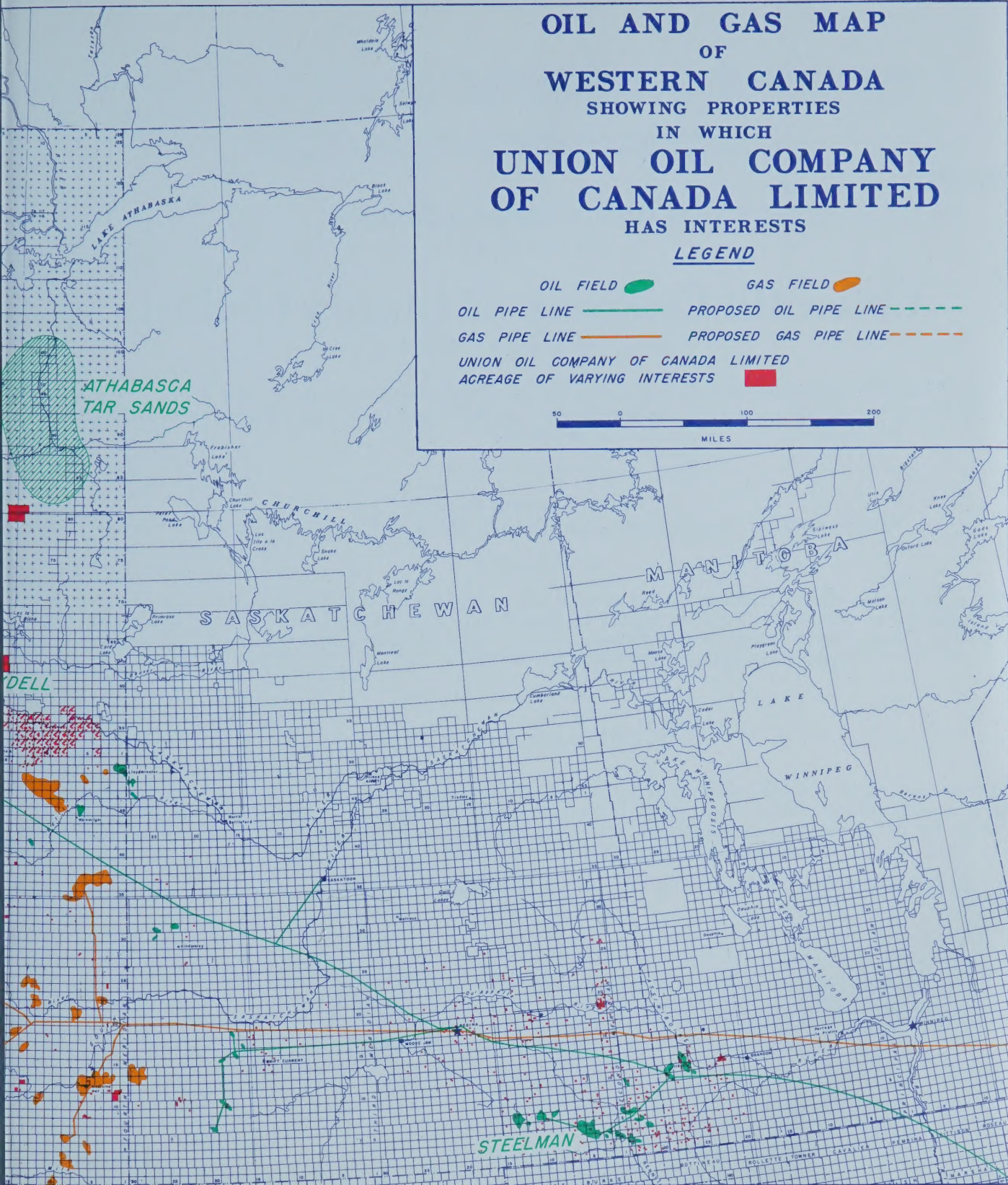
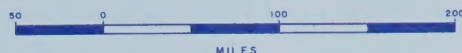
OIL PIPE LINE

PROPOSED OIL PIPE LINE

GAS PIPE LINE

PROPOSED GAS PIPE LINE

UNION OIL COMPANY OF CANADA LIMITED
ACREAGE OF VARYING INTERESTS



Oil and Gas Lands

As at August 1, 1961 the net acreage of crude oil and natural gas lands, leases and rights held by the Company was as follows:

Type of Holding	Alberta	British Columbia	Manitoba	Saskatchewan	Northwest Territories	Total
Crown reservations, permits and natural gas licences.....	695,246	693,709	—	—	3,454,211	4,843,166
Crown oil and gas leases.....	1,064,786	83,218	4	4,718	—	1,152,726
Freehold leases.....	80,874	—	15,770	37,563	—	134,207
Fee simple.....	1,316	—	12	1	—	1,329
	<u>1,842,222</u>	<u>776,927</u>	<u>15,786</u>	<u>42,282</u>	<u>3,454,211</u>	<u>6,131,428</u>

Net acreage referred to above excludes working interests owned by others. Maps showing the locations of the Company's holdings appear on the inside front cover of this prospectus.

A report covering the Canadian Division's interests in unproven acreage as at March 31, 1961 has been prepared by J. C. Sproule and Associates Ltd. and appears on pages 9-11 of this prospectus.

Nature of Oil and Gas Rights

The rights to the holdings set out in the above table were acquired by the Canadian Division from the Crown acting in the right of Canada or of the Province concerned, from freehold landowners, by participation with others through farmouts, or under other contractual arrangements. The nature of the rights granted by Governmental authorities and freehold landowners in the areas in which the Company carries on business, is as follows:

Crown Reservations, Permits and Natural Gas Licences

Reservations and permits grant to the holder the right to conduct exploration and drilling operations for a limited period and at a nominal rental. Upon complying with the relevant regulations the holder has the right to convert an area not exceeding 50% of the land in the reservation or permit into leases in accordance with a formula governing lease selection. Drilling reservations require the drilling of a well prior to lease selection and the area which may be converted to lease is limited by the notice under which the reservation is offered for acquisition. Natural gas licences entitle the holder, upon the drilling of gas wells, to convert lands to leases in accordance with a formula based in part upon the depth of the wells.

Crown Oil and Gas Leases

Oil and gas leases on Crown lands, including Indian lands, are for a term ranging from 3 years, in the case of Manitoba leases, to 21 years, in the case of Alberta leases, and are renewable for a further term or terms if the location is capable of producing oil or gas in commercial quantities. The leases provide for payment of an annual rental of \$1 per acre, an oil royalty ranging from 5% to 16 $\frac{2}{3}$ % based on the monthly rate of production and a gas royalty of the greater of $\frac{3}{4}$ ¢ per 1,000 cubic feet of gas or 15% of the selling price.

Freehold Leases

Oil and gas rights owned by persons other than the Crown are granted under freehold leases. The conditions of such leases vary but in general are for a term of 10 years and so long thereafter as production is taken therefrom. In the event of production, a royalty, generally 12 $\frac{1}{2}$ % of the value of production, is payable to the lessor. In the absence of drilling, leases usually may be continued from year to year during the term by payment of an annual rental of \$1 per acre.

Reserves

A report covering the Canadian Division's net reserves of crude oil, natural gas liquids and natural gas as at March 31, 1961, has been prepared by McDaniel Consultants Ltd. This report, which appears on pages 11 to 14 of this prospectus, shows such net reserves to be as follows:

	Crude oil (barrels)	Natural gas liquids (barrels)	Natural gas (thousand cubic feet)
Proven			
Developed.....	35,020,900	470,900	142,763,000
Undeveloped.....	3,419,000	194,800	11,471,000
Sub Total.....	<u>38,439,900</u>	<u>665,700</u>	<u>154,234,000</u>
Probable Additional			
Areal.....	4,131,800	111,700	56,759,000
Secondary.....	19,983,600	—	—
Sub Total.....	<u>24,115,400</u>	<u>111,700</u>	<u>56,759,000</u>
Total.....	<u><u>62,555,300</u></u>	<u><u>777,400</u></u>	<u><u>210,993,000</u></u>

Net reserves are defined in the report as the gross reserves of the properties in which the Canadian Division had an interest less all royalties and interests owned by others.

Exploration

The Company has extensive holdings of exploration acreage located principally in Alberta, British Columbia and the Northwest Territories.

During the period from January 1, 1956 to July 31, 1961, the Canadian Division participated in the drilling of 175 gross exploration wells in Western Canada. These wells resulted in 22 oil discoveries or step-out oil field extensions and 21 gas discoveries.

In 1956 the Canadian Division discovered oil in the Granite Wash formation on a large reservation in the Red Earth area of Northern Alberta in which it had a 100% interest. The Company has 10 oil wells capable of production from three separate pools in the Granite Wash formation at Red Earth. In order to gain additional producing and reservoir information, it is planned to produce several wells in the Red Earth field continually during the winter season of 1961-1962, during which time climatic conditions will permit the transportation of oil from the area over existing roads. Additional development will be necessary to warrant the construction of a 150-mile pipe line required to put the field on steady production.

In 1957 the Home-Union-Hudson's Bay Virginia Hills No. 9-20 well discovered oil in a reef development in the Beaverhill Lake formation at Virginia Hills in central Alberta on a 92,000-acre reservation in which the Canadian Division held a 33 $\frac{1}{3}$ % interest. Subsequent development of this holding and of additional lease acquisitions has resulted in 42 producing wells in which the Company has an interest amounting to 12.8 net wells. Two rigs are currently continuing development drilling on the property.

Also in 1957, the Milligan Creek oil field was discovered by Union-Hudson's Bay Milligan Creek No. d73G on a permit in northeastern British Columbia in which the Canadian Division held a 50% interest. This field produces from nine wells completed in the Triassic Halfway formation at a depth of approximately 3,700 feet. The estimated proven developed and probable crude oil reserves in the Milligan Creek field average over 1,600,000 barrels per well. It is anticipated that the average production rate per well will be 250 barrels per day. It is expected that this field will be placed on steady production in the latter part of 1961 upon completion of the pipe line, now under construction, to Kamloops, which can be connected with the pipe line of Trans Mountain Oil Pipe Line Company.

In 1960, the Union-Hudson's Bay Wildmint No. d46A discovered oil in the Triassic Halfway formation, approximately six miles south of the Milligan Creek field. The Company has a 50% interest in the leases selected from the permit on which the discovery was made. Information available to date indicates that the characteristics of the reservoir are similar to those of the Milligan Creek reservoir. The Wildmint field is also expected to be placed on steady production in the latter part of 1961.

The Company plans to drill additional development wells in the Milligan Creek and Wildmint fields and also plans to drill exploration wells in the adjacent areas during the winter season of 1961-1962.

In 1957 gas was discovered in the Fort Nelson area of northeastern British Columbia by Gulf States-Union-Hudson's Bay Prophet River No. 1, on acreage in which the Canadian Division had a 30% interest. Two follow-up wells in this field found significant gas reserves. This field, however, is not on production because it is in an area remote from existing pipe line systems.

During the past five and one-half years the Canadian Division has also participated in oil discoveries in the Eaglesham field of Alberta, the Parkman field of Saskatchewan and the Aitken Creek field of British Columbia and in gas discoveries in the Kaybob field of Alberta and the Fireweed and Milligan Creek areas of British Columbia.

The Company will participate in the drilling of Dome-et al-Winter Harbour No. 1 in the Arctic Islands which will earn the Company a 10% interest in the well and in the 100,000-acre block on which the well will be drilled. It is expected that operations on this well will begin in the autumn of 1961.

Drilling Activity

The number of net exploration wells and net development wells drilled and completed by the Canadian Division during the indicated periods from January 1, 1956 to July 31, 1961 is shown in the following table:

	Net exploration wells				Net development wells			
	Oil	Gas	Dry holes	Total	Oil	Gas	Dry holes	Total
1956.....	2.0	4.0	16.2	22.2	14.1	—	.5	14.6
1957.....	5.8	2.3	12.3	20.4	20.2	.5	3.6	24.3
1958.....	5.5	.5	15.6	21.6	8.9	1.5	.9	11.3
1959.....	1.0	4.5	6.5	12.0	9.3	1.5	1.8	12.6
1960.....	1.0	1.3	9.2	11.5	12.6	.5	.3	13.4
1961 (to July 31)	—	1.5	4.1	5.6	1.2	1.9	.5	3.6

An exploration well is one drilled to search for new and as yet undiscovered oil or gas pools while a development well is one drilled to exploit a known oil or gas pool.

Exploration and Development Capital Expenditures

The annual exploration and development capital expenditures of the Canadian Division, consisting of geological and geophysical, land acquisition and drilling expenditures and expenditures for facilities, for the period from January 1, 1956 to July 31, 1961 are shown in the following table:

	Exploration	Development
1956.....	\$3,309,844	\$1,569,072
1957.....	3,599,881	2,882,217
1958.....	3,338,393	873,321
1959.....	4,284,449	1,160,454
1960.....	2,365,719	1,779,461
1961 (to July 31).....	1,142,882	268,084
	<u>\$18,041,168</u>	<u>\$8,532,609</u>

Producing Properties

The number of net wells of the Canadian Division capable of production as at the end of each of the periods shown below is set out in the following table:

	Net wells capable of production at end of period		
	Oil	Gas	Total
1956.....	61.3	21.7	83.0
1957.....	85.3	24.5	109.8
1958.....	95.3	26.5	121.8
1959.....	106.1	28.5	134.6
1960.....	119.8	30.0	149.8
1961 (July 31).....	122.1	29.7	151.8

The working interests of the Canadian Division in producing oil properties as of July 31, 1961 are shown in the following table:

	Oil	
	Net acres	Number of net wells
Alberta		
Eaglesham.....	120	1.5
Fairydell.....	347	12.0
Pembina.....	239	3.0
Redwater.....	190	4.8
Sturgeon Lake South.....	1,741	21.8
Virginia Hills.....	2,048	12.8
Others.....	550	7.4
Sub Total.....	5,235	63.3
British Columbia.....	779	4.5
Manitoba.....	700	17.5
Saskatchewan.....	1,751	21.2
Total.....	8,465	106.5

Net wells and net acreage exclude working interests owned by others. No adjustment is made for royalties, overriding royalties or similar burdens.

The Canadian Division had working interests in producing gas properties on 5,376 net acres as at July 31, 1961. It also had royalty interests in producing gas properties in the Alexander and Fort Saskatchewan gas fields in Alberta.

Production

The following tables show the annual net crude oil and net natural gas production of the Canadian Division for the period from January 1, 1956 to July 31, 1961.

Crude Oil Production (barrels)

	1961 (to July 31)	1960	1959	1958	1957	1956
Alberta						
Eaglesham.....	13,972	28,657	12,354	—	—	—
Fairydell.....	96,314	148,494	176,879	147,885	190,613	225,233
Pembina.....	25,718	41,423	51,075	69,836	6,841	3,179
Redwater.....	37,815	61,276	69,113	57,198	100,972	133,956
Sturgeon Lake South.....	268,532	450,190	515,483	470,936	473,179	339,260
Virginia Hills.....	174,037	117,425	16,535	6,778	146	—
Others.....	31,632	57,284	96,213	100,956	33,604	21,779
Sub Total.....	648,020	904,749	937,652	853,589	805,355	723,407
British Columbia.....	27,943	14,700	22,621	5,517	—	—
Manitoba.....	47,362	90,645	94,721	123,911	146,152	196,453
Saskatchewan.....	154,424	267,184	232,505	220,445	136,804	48,661
Total.....	877,749	1,277,278	1,287,499	1,203,462	1,088,311	968,521

Natural Gas Production (thousand cubic feet)

	<u>1961</u> (to July 31)	<u>1960</u>	<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>
Alberta						
Alexander.....	816,671	1,215,840	1,257,760	892,720	885,144	69,792
Fairydell.....	240,862	167,825	140,378	263,118	300,178	278,391
Morinville.....	174,633	698,868	675,889	471,926	50,872	—
Other.....	412,148	620,167	577,847	504,930	188,150	11,457
Sub Total.....	1,644,314	2,702,700	2,651,874	2,132,694	1,424,344	359,640
British Columbia.....	393,344	238,140	567,642	445,928	1,808	6,305
Saskatchewan.....	79,608	78,839	89,244	—	—	—
Total.....	<u>2,117,266</u>	<u>3,019,679</u>	<u>3,308,760</u>	<u>2,578,622</u>	<u>1,426,152</u>	<u>365,945</u>

Markets

The Company's crude oil production accounts for approximately 90% of its revenue and is sold at the well-head at posted field prices. Crude oil reserves of the Company, other than those in British Columbia and in the Red Earth area of Alberta, are situated in areas served by existing pipe line transmission systems. A portion of the crude oil produced by the Company supplies local refineries and the balance is shipped by Interprovincial Pipe Line Company to refineries in Ontario, Michigan and Minnesota, and by Trans Mountain Oil Pipe Line Company to refineries in the Vancouver area and in the Puget Sound area of the State of Washington. The pipe line of Western Pacific Products & Crude Oil Pipelines Ltd. from Taylor to Kamloops in British Columbia, now under construction, will permit the transportation of the Company's British Columbia crude oil to Vancouver and to the Puget Sound area. The completion of this line should result in a substantial increase in the Company's daily crude oil production.

The Company's developed natural gas reserves in the Alexander, Morinville, Fairydell, Hamelin Creek, Samson and Sturgeon Lake South fields in Alberta and the Buick Creek and Snyder Creek fields in British Columbia are presently connected to processing plants and local consumer markets. The Calgary and the Crossfield gas plants, scheduled for completion by the end of the year, will process additional natural gas and natural gas liquids of the Company.

Regulation

The Oil and Gas Conservation Act of Alberta and The Gas Resources Preservation Act, 1956, of Alberta vest in the Oil and Gas Conservation Board jurisdiction over various aspects of the oil and gas industry in Alberta. The Board controls the maximum allowable production of oil and gas wells and the export of gas from Alberta. The maximum allowable production from oil fields in Alberta is limited to the amount fixed each month by the Board, based on existing market conditions and conservation principles. The Public Utilities Board of Alberta has the power to fix and determine the prices to be paid to producers for gas produced in Alberta, and the rates, tolls and charges of pipe line companies. Under The Pipe Lines Act of Alberta, the Minister of Mines and Minerals has jurisdiction over the construction of oil and gas pipe lines in Alberta.

Regulation of the oil and gas industry in the other Provinces in which the Company carries on business is generally similar to that of Alberta.

Under the National Energy Board Act of Canada, the National Energy Board has jurisdiction to regulate, among other things, the construction of inter-provincial oil and gas pipe lines and the export of natural gas from Canada.

Purpose of Issue

The net proceeds to be received by the Company from the sale of the shares offered by this prospectus will be added to the general funds of the Company and used for the acquisition, exploration, drilling and development of prospective and proved oil and gas properties and for general corporate purposes.

Capitalization

The capitalization of the Company, after giving effect to the present financing and to the issue of 2,995,000 shares to Union Oil Company of California referred to in the accompanying Pro Forma Balance Sheet as at July 31, 1961, is as follows:

Capital Stock	<u>Authorized</u>	<u>To be issued and outstanding</u>
Shares of the par value of \$1 each.....	7,500,000 shares	3,600,000 shares

Geologists' Report

J. C. SPROULE AND ASSOCIATES LTD.

J. C. SPROULE
O. D. BOGGS
M. B. CROCKFORD
R. DEWIT
S. R. L. HARDING
J. B. MAUGHAN

GEOLOGICAL & ENGINEERING CONSULTANTS

1009 FOURTH AVENUE S.W.
CALGARY — ALBERTA

TELEPHONE
AMHERST 9-7951

August 7, 1961.

Union Oil Company of California,
Union Oil Center,
Los Angeles 17, California.
and

Union Oil Company of Canada Limited,
709 Eighth Avenue South West,
Calgary, Alberta.

Dear Sirs:

The following is a summary of the recent evaluation made of the unproven petroleum and natural gas lands and holdings of the Canadian Division of Union Oil Company of California (hereinafter called the "Canadian Division") as of March 31, 1961. From our study of the lists of holdings that you have supplied to us, we have determined that the Canadian Division held as at March 31, 1961 variable interests in 9,091,877 gross unproven acres, located in Alberta, British Columbia, Manitoba, Saskatchewan and the Northwest Territories. The net acreage position in those properties amounted to a total of 6,570,437 acres.

We estimate that the above net unproven acreage has a present value of approximately \$37,125,766, based on our knowledge of current acquisition costs, geology and other pertinent information as to the acreage in which these properties are located. More specifically, we have taken the following factors into consideration in our evaluation, where they are pertinent.

1. Known prices already paid for essentially the same interest by other parties.
2. Geological structure, both local and regional.
3. Regional and local subsurface information from deep test holes and from surface geological and, in some cases, from photogeological data.
4. Terrain and accessibility.
5. Company concerned in the case of farmouts.
6. The farmout deal involved.
7. The state of the Permit. That is to say, the age of the Permit and the work obligations completed, etc.
8. Overrides and other contingent interests involved.
9. Proximity to known discoveries that are liable to affect market outlets.
10. Proximity to main pipeline outlets.
11. Proximity to transportation.

A summary breakdown of the acreage figures, subdivided only as to the major categories of land holdings within provinces, is as follows:

Summary of Valuation of Unproven Properties

	Gross unproven acres	Net unproven acres	Valuation
Alberta			
P. & N. G. Leases.....	2,125,387	1,161,286	\$22,500,094
P. & N. G. Reservations.....	1,166,653	802,406	3,836,129
Drilling Reservations.....	34,310	9,480	21,888
Royalty Interests.....	20,039	—	126,940
Sub Total.....	3,346,389	1,973,172	26,485,051
British Columbia			
P. & N. G. Leases and Gas License.....	115,745	94,220	5,718,803
P. & N. G. Permits.....	1,771,733	686,318	3,631,452
Sub Total.....	1,887,478	780,538	9,350,255
Manitoba			
P. & N. G. Leases.....	25,383	17,264	47,665
Royalty Interests.....	920	—	638
Sub Total.....	26,303	17,264	48,303
Saskatchewan			
P. & N. G. Leases.....	83,535	51,851	163,164
P. & N. G. Permits.....	48,160	48,160	12,040
Royalty Interests.....	560	—	3,250
Sub Total.....	132,255	100,011	178,454
Northwest Territories			
P. & N. G. Permits.....	3,699,452	3,699,452	1,063,703
Sub Total.....	3,699,452	3,699,452	1,063,703
Total.....	<u>9,091,877</u>	<u>6,570,437</u>	<u>\$37,125,766</u>

It would serve no particular purpose here to describe in detail the prospects of the various holdings. We should, however, comment very briefly on some of the principal acreage blocks.

The largest single acreage block or group of blocks concerned is located in the Northwest Territories on the mainland and on the Arctic Islands. These amount to a total of nearly 3,700,000 acres. Despite the large acreage, however, the evaluation given it is relatively small. The interest in this particular acreage must be measured more in terms of a possible large future potential that must at this point be valued on a very conservative basis because of the present market and transportation conditions.

The Alberta holdings account for over 70 percent of the total valuation and for almost as much in terms of gross acres of the Canadian Division as the Northwest Territories holdings. Chief among these properties are the Petroleum and Natural Gas Leases and Crown Reservations. Of that total the largest single asset is the unproven portion of the Red Earth field which, because of the nature of the reservoir and its distance from present markets, has been evaluated on a conservative basis. It is anticipated that the Red Earth development project will proceed as soon as improvements in oil markets justify such further developments.

The holdings located in British Columbia represent the second largest asset, both in terms of present value and future potential. Their total value is \$9,350,255, most of which is in the Aitken Creek area.

In this report, it should be understood that our evaluation for the properties concerned does not represent a cash value, but rather a value to the Canadian Division. A fair market value, as representing a figure that one might expect to receive in cash would be, in our opinion, between 20 percent and 40 percent less than the figure shown, or not less than \$22,275,460.

In summary, we regard the unproven petroleum and natural gas lands and holdings of the Canadian Division as having been well selected. They are distinctly above average from the standpoint of petroleum and natural gas prospects and present a broad variety of geological prospects.

Yours sincerely,
(Signed) J. C. Sproule, (Seal)
J. C. Sproule, P. Geol.

CERTIFICATE

I, John Campbell Sproule, Consulting Geologist, of 1009 Fourth Avenue S.W., Calgary, Alberta, Canada, hereby certify:

1. That I graduated as a Geologist from the University of Alberta with the degree of Bachelor of Science in the year 1930, that I obtained the degree of Master of Arts at the University of Toronto in the year 1931 and that I obtained the degree of Doctor of Philosophy in Geology from the University of Toronto in the year 1935.

2. That I am a Fellow of the Geologists Society of America, a Member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists and the Society of the Economic Paleontologists and Mineralogists and that I am a registered Professional Geologist, for the Province of Alberta, and registered Professional Engineer for the Provinces of Saskatchewan and Manitoba.

3. That I and my employees have no interest, directly or indirectly, nor do we expect to receive any interest, directly or indirectly, in the properties or securities of Union Oil Company of California or of Union Oil Company of Canada Limited.

4. That the above report is based on examinations of official records made either by myself or by Engineers who are working in my office and whose work I am prepared to be responsible for.

Calgary, Alberta.
August 7, 1961.

(Signed) J. C. Sproule (Seal)
J. C. Sproule, P. Geol.

Engineers' Report

McDANIEL CONSULTANTS LTD.

Oil and Gas Reservoir Evaluations

R. R. McDANIEL, P. ENG.
ROBERT S. BLACKETT, P. ENG.

231 EIGHTH AVENUE WEST
CALGARY, ALBERTA
TELEPHONE AMHERST 9-1683

Union Oil Company of California,
Union Oil Center,
Los Angeles 17, California.
and

Union Oil Company of Canada Limited,
709 Eighth Avenue South West,
Calgary, Alberta.

August 7, 1961

Gentlemen,

Pursuant to your request we have prepared estimates of the crude oil, natural gas liquids and natural gas reserves of the Canadian Division of Union Oil Company of California, hereinafter referred to as the "Canadian Division", as of March 31, 1961. The principal crude oil and natural gas reserves of the Canadian Division are located in the Fairydeil, Red Earth, Sturgeon Lake South, Virginia Hills, and Milligan Creek oil fields, and the Alexander, Calgary, Crossfield, Tangent and Fort Nelson gas fields.

The Canadian Division's share of net remaining crude oil, natural gas liquids and natural gas reserves as of March 31, 1961 was estimated to be as follows:

	Crude oil (barrels)	Natural gas liquids (barrels)	Natural gas (Mcf.)
Proven			
Developed.....	35,020,900	470,900	142,763,000
Undeveloped.....	3,419,000	194,800	11,471,000
Sub Total.....	38,439,900	665,700	154,234,000
Probable Additional			
Areal.....	4,131,800	111,700	56,759,000
Secondary.....	19,983,600	—	—
Sub Total.....	24,115,400	111,700	56,759,000
Total.....	62,555,300	777,400	210,993,000

A breakdown of these reserve estimates by fields has been given on the attached tabulations.

In obtaining estimates of the Canadian Division's share of the proven remaining crude oil, natural gas liquids and natural gas reserves the general methods as adopted by the Canadian Petroleum Association reserves committee were employed. The proven developed reserves have been defined as those reserves which will be produced from existing wells with present operating methods. The proven undeveloped reserves have been defined as those reserves under undrilled locations in known field areas which are believed to be assured of production. The probable additional areal crude oil and natural gas reserve estimates were based on a reasonable postulation of the known reservoir data over the indicated productive but presently unproven field areas. The probable additional secondary crude oil reserves were postulated on the basis of the beneficial effects which may be anticipated with the institution of pressure maintenance or through a more efficient behaviour of the natural recovery mechanism than that which can presently be deemed proven. The net reserves of the Canadian Division have been defined as the gross reserves of the properties in which the Canadian Division has an interest less all royalties and interests owned by others.

The basic data employed in making the various reserve estimates presented herein were obtained from the Canadian Division, from records on file with the Oil and Gas Conservation Board of Alberta, and from our own records. In all cases it was assumed that the present methods of prorating production to market demand and calculating Crown royalty rates in the Provinces of Alberta, British Columbia, Manitoba and Saskatchewan would continue. The cumulative production figures to March 31, 1961 as taken from records of the Canadian Division were employed to arrive at the remaining reserve estimates. The producing characteristics of the individual wells were reviewed. This information was used to adjust the various estimates so that factors such as drainage and reservoir performance could be taken into account. In those cases where sufficient production information was available, performance curves were employed as the basic method in estimating the remaining crude oil reserves.

The crude oil and natural gas liquids reserves have been expressed in barrels being equal to 34.972 Imperial gallons. The natural gas reserve figures were based on an estimate of the net volumes of natural gas after allowances for reservoir, lease and plant losses. All the natural gas reserves figures presented herein were calculated at a base pressure of 14.65 psia. and a temperature of 60 degrees Fahrenheit. In the case of the natural gas liquids reserves, no allowance was made in this report for any processing plant deductions that may presently be in effect or which may be agreed to in the future.

The extent and character of ownership and all other factual data provided by the Canadian Division were accepted as represented.

Respectfully submitted,
MCDANIEL CONSULTANTS LTD.
(Signed) R. R. McDaniel, President C.S.

UNION OIL COMPANY OF CALIFORNIA—CANADIAN DIVISION

Summary of Crude Oil Reserve Estimates

Estimated Canadian Division Share of Remaining Crude Oil Reserves
After Royalty Deductions as of March 31, 1961—Barrels

FIELD	Proven		Probable Additional		Total
	Developed	Undeveloped	Areal	Secondary	
Alberta					
Eaglesham.....	242,500	—	—	195,800	438,300
Fairydell.....	3,785,100	—	—	1,038,000	4,823,100
Innisfail.....	379,600	—	—	—	379,600
Joffre.....	100,000	—	—	98,000	198,000
Pembina.....	562,200	—	—	280,400	842,600
Red Earth.....	1,894,300	1,883,700	2,371,500	2,968,400	9,117,900
Redwater.....	1,344,900	—	—	—	1,344,900
Sturgeon Lake South.....	11,909,500	—	—	2,778,000	14,687,500
Virginia Hills.....	7,950,900	279,800	113,800	6,344,400	14,688,900
Miscellaneous.....	177,400	—	—	—	177,400
Alberta Sub Total.....	28,346,400	2,163,500	2,485,300	13,703,000	46,698,200
British Columbia					
Aitken Creek.....	76,600	—	283,000	—	359,600
Milligan Creek.....	4,368,600	389,600	1,363,500	3,591,700	9,713,400
Wildmint.....	623,900	865,900	—	1,539,500	3,029,300
British Columbia Sub Total.....	5,069,100	1,255,500	1,646,500	5,131,200	13,102,300
Manitoba					
Virden Roselea.....	259,600	—	—	2,100	261,700
Miscellaneous.....	154,300	—	—	87,400	241,700
Manitoba Sub Total.....	413,900	—	—	89,500	503,400
Saskatchewan					
Carnduff.....	25,300	—	—	72,200	97,500
Hastings.....	145,200	—	—	—	145,200
Instow.....	292,000	—	—	199,700	491,700
Parkman.....	201,500	—	—	—	201,500
Steelman.....	200,100	—	—	548,700	748,800
Weyburn.....	203,500	—	—	142,300	345,800
Miscellaneous.....	123,900	—	—	97,000	220,900
Saskatchewan Sub Total.....	1,191,500	—	—	1,059,900	2,251,400
Total.....	35,020,900	3,419,000	4,131,800	19,983,600	62,555,300

Summary of Natural Gas Liquids Reserve Estimates

Estimated Canadian Division Share of Remaining Natural Gas Liquids Reserves
after Processing Losses and Royalty Deductions as of March 31, 1961—Barrels

FIELD	Proven		Probable Additional	Total
	Developed	Undeveloped		
Alberta				
Acheson East.....	12,800	—	—	12,800
Alexander.....	58,000	—	62,100	120,100
Calgary.....	215,500	—	—	215,500
Crossfield.....	—	194,800	—	194,800
Eaglesham.....	30,400	—	—	30,400
Innisfail.....	24,600	—	—	24,600
Kaybob.....	7,600	—	39,200	46,800
Kaybob East.....	20,000	—	—	20,000
Rollyview.....	34,700	—	—	34,700
Woodbend West.....	11,100	—	—	11,100
Alberta Sub Total.....	414,700	194,800	101,300	710,800
British Columbia				
Aitken Creek.....	19,800	—	—	19,800
Alder.....	3,200	—	—	3,200
Buick Creek.....	5,600	—	—	5,600
Fireweed.....	10,400	—	10,400	20,800
Milligan Lime.....	7,500	—	—	7,500
Milligan Creek.....	7,700	—	—	7,700
Snyder.....	2,000	—	—	2,000
British Columbia Sub Total.....	56,200	—	10,400	66,600
Total	470,900	194,800	111,700	777,400

Summary of Natural Gas Reserve Estimates

Estimated Canadian Division Share of Remaining Pipe Line Natural Gas
Reserves After Royalty Deductions as of March 31, 1961—Mcf. (1)

FIELD	Proven		Probable	Total
	Developed	Undeveloped	Additional	
Alberta				
Acheson East.....	2,432,000	—	—	2,432,000
Alexander.....	13,285,000	—	14,217,000	27,502,000
Calgary.....	9,700,000	—	—	9,700,000
Crossfield.....	—	8,836,000	—	8,836,000
Eaglesham.....	5,355,000	—	—	5,355,000
Eaglesham East.....	2,839,000	—	—	2,839,000
Fairydell.....	5,162,000	—	—	5,162,000
Flat Lake.....	5,577,000	—	—	5,577,000
Hamelin Creek.....	4,314,000	—	1,830,000	6,144,000
Samson.....	2,228,000	—	—	2,228,000
Sturgeon Lake South.....	9,730,000	—	1,223,000	10,953,000
Tangent.....	10,260,000	—	4,246,000	14,506,000
Westlock.....	2,044,000	889,000	—	2,933,000
Miscellaneous.....	18,311,000	1,746,000	18,855,000	38,912,000
Alberta Sub Total.....	91,237,000	11,471,000	40,371,000	143,079,000
British Columbia				
Aitken Creek.....	2,996,000	—	—	2,996,000
Fireweed.....	2,847,000	—	2,847,000	5,694,000
Fort Nelson.....	36,333,000	—	11,812,000	48,145,000
Milligan Lime.....	2,616,000	—	—	2,616,000
Milligan Creek.....	2,396,000	—	—	2,396,000
Miscellaneous.....	4,279,000	—	1,567,000	5,846,000
British Columbia Sub Total.....	51,467,000	—	16,226,000	67,693,000
Saskatchewan				
Steelman.....	59,000	—	162,000	221,000
Saskatchewan Sub Total.....	59,000	—	162,000	221,000
Total.....	142,763,000	11,471,000	56,759,000	210,993,000

(1) 14.65 psia. and 60°F.

CERTIFICATE OF QUALIFICATION

I, Roderick Rogers McDaniel, Petroleum Engineer, of 231—8th Avenue S.W., Calgary, Alberta, Canada, hereby certify:

1. That I am the President of McDaniel Consultants Ltd. which company did prepare a report upon certain interests of Union Oil Company of California in western Canada during the months of May, June and July, 1961. That I as such President supervised the preparation of such report.

2. That McDaniel Consultants Ltd., its officers or employees have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in the properties or in any securities of Union Oil Company of California or of Union Oil Company of Canada Limited.

3. That I attended the University of Alberta in the years 1944 and 1945 and the University of Oklahoma in the years 1945 to 1947, and that I graduated with a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma; that I am a member of the Canadian Institute of Mining and Metallurgy; that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of twelve years' experience in oil and gas reservoir studies and evaluations of western Canadian fields.

4. That the aforementioned report is not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the extent and accuracy of the information available on the properties; and that the basic well and reservoir data employed in arriving at the various estimates given in the said report were obtained from the files of Union Oil Company of California, our own files and the records of the Oil and Gas Conservation Board of Alberta.

Calgary, Alberta.

August 7, 1961.

R. R. McDaniel, P. Eng. (Seal)

Alberta and Saskatchewan

Financial Statements

Union Oil Company of Canada Limited

(Incorporated under the laws of Canada)

Balance Sheet and Pro Forma Balance Sheet as at July 31, 1961

The Pro Forma Balance Sheet gives effect to the following:

- (a) The issue of 2,995,000 shares of the par value of \$1 each of the Company in consideration of the transfer to the Company as at August 1, 1961 of all of the assets of the Canadian Division of Union Oil Company of California.
- (b) The recording of the transfer to the Company as at August 1, 1961 of all of the assets of the Canadian Division of the Union Oil Company of California at the following values: property and equipment—\$43,143,702; and other assets (less current liabilities)—\$1,856,298; for a total value of \$45,000,000.
- (c) The issue and sale of 600,000 shares for a cash consideration of \$9,000,000.
- (d) The payment of expenses in connection with the above transactions estimated at \$75,000.

ASSETS

	Balance Sheet	Pro Forma Balance Sheet
Current Assets (Note 1)		
Cash	\$ 154,284	\$ 9,413,919
Accounts receivable	—	235,131
Inventories		
Crude oil	—	22,732
Materials and supplies	—	291,137
Prepaid rentals and other charges	—	457,652
	<u>154,284</u>	<u>10,420,571</u>
Investments and Deposits (Note 1)		
Government of Canada bonds held as reservation deposits (market value \$348,478)	—	344,101
Drilling and reservation deposits	—	88,842
Shares in non-affiliated companies	—	357,058
	<u>—</u>	<u>790,001</u>
Property and Equipment (Note 1)		
Oil and gas lands, rights and leases		
Proved property	—	12,491,989
Unproved property	—	15,554,898
Oil and gas wells and facilities	—	15,096,815
	<u>—</u>	<u>43,143,702</u>
Deferred Charges		
Expenses of financing	—	75,000
	<u>\$ 154,284</u>	<u>\$ 54,429,274</u>

See Notes to Financial Statements

Union Oil Company of Canada Limited

(Incorporated under the laws of Canada)

Balance Sheet and Pro Forma Balance Sheet as at July 31, 1961

LIABILITIES

	Balance Sheet	Pro Forma Balance Sheet
Current Liabilities (Note 1)		
Accounts payable and accrued liabilities.....	\$ —	\$ 274,990

SHARE OWNERS' EQUITY

Capital Stock

Authorized:

7,500,000 shares of the par value of \$1 each

Issued and fully paid:

5,000 shares (pro forma 3,600,000 shares).....	5,000	3,600,000
Paid-in Premium on Capital Stock (Note 2).....	149,284	50,554,284

Approved on behalf of the Board:

(Signed) Reese H. Taylor, Director

(Signed) W. E. Farrar, Director

\$ 154,284

\$ 54,429,274

See Notes to Financial Statements

Union Oil Company of California—Canadian Division

Statement of Earnings

for the Five Years Ended December 31, 1960 and the Seven Months Ended July 31, 1961 (Note 3)

	Seven months ended July 31, 1961	Year ended December 31, 1960
Revenue		
Sales of crude oil, less royalties.....	\$1,898,115	\$2,854,423
Sales of natural gas, less royalties.....	224,252	318,116
Interest and other income.....	10,181	41,605
	<u>2,132,548</u>	<u>3,214,144</u>
Expenses		
Production, general and administrative (Note 4).....	584,808	937,178
Exploration.....	391,897	866,774
Rentals in lieu of drilling.....	638,898	1,286,889
	<u>1,615,603</u>	<u>3,090,841</u>
Earnings (loss) before deduction of Other charges.....	516,945	123,303
Other charges (Note 5)		
Depletion.....	55,722	88,863
Depreciation.....	482,225	727,437
Lands relinquished.....	783,366	1,045,781
Dry holes.....	478,849	1,047,203
	<u>1,800,162</u>	<u>2,909,284</u>
Net loss for the period	<u>\$1,283,217</u>	<u>\$2,785,981</u>

See Notes to Financial Statements

Union Oil Company of California—Canadian Division

Statement of Earnings

for the Five Years Ended December 31, 1960 and the Seven Months Ended July 31, 1961 (Note 3)

Years ended December 31			
<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>
\$2,977,142	\$2,908,172	\$2,729,443	\$2,143,951
332,504	259,727	156,657	31,949
50,784	15,587	16,503	40,825
<u>3,360,430</u>	<u>3,183,486</u>	<u>2,902,603</u>	<u>2,216,725</u>
861,647	819,374	777,804	643,974
866,247	863,009	949,362	808,699
1,404,323	1,163,733	1,341,311	1,129,718
<u>3,132,217</u>	<u>2,846,116</u>	<u>3,068,477</u>	<u>2,582,391</u>
228,213	337,370	(165,874)	(365,666)
82,118	84,703	90,305	50,484
792,696	705,915	606,165	420,635
111,153	692,977	544,342	374,532
1,027,567	1,626,518	2,036,242	1,602,817
<u>2,013,534</u>	<u>3,110,113</u>	<u>3,277,054</u>	<u>2,448,468</u>
<u>\$1,785,321</u>	<u>\$2,772,743</u>	<u>\$3,442,928</u>	<u>\$2,814,134</u>

See Notes to Financial Statements

Union Oil Company of Canada Limited
and
Union Oil Company of California—Canadian Division

Notes to Financial Statements

1. The assets referred to in headnote (b) of the pro forma balance sheet except oil and gas lands, rights and leases were transferred at the amounts shown in the accounts of the Canadian Division of Union Oil Company of California, the predecessor, as follows: cash, accounts receivable, accounts payable and prepaid items at actual value; inventories, investments and deposits at cost; and oil and gas wells (including intangible drilling costs) and facilities at depreciated cost. Oil and gas lands, rights and leases transferred to the Company are shown at the fair value determined by the board of directors of the Company after consideration by the board of directors of all matters which it deemed relevant, including the report of McDaniel Consultants Ltd., relating to oil and gas reserves and the report of J. C. Sproule and Associates Ltd., relating to the unproven properties, both dated August 7, 1961.
2. The paid-in premium on capital stock of \$149,284 as at July 31, 1961 results from the setting off of an operating deficit of \$345,716 against a paid-in premium of \$495,000 which was created by a reduction of capital without any repayment to the share-owner.
3. The Company was not active during the period covered by the statement of earnings.
4. The statement of earnings excludes any allocation of expenses for the predecessor's home office general and administrative staff. It is not anticipated that charges for any such expenses will be made in the future.
5. Provision for depletion and depreciation relating to proven oil and gas properties was calculated at unit of production rates based upon the predecessor's costs and estimates of the productive life expectancies of the properties as represented by the predecessor's interest in the estimated recoverable crude oil or natural gas reserves; developed and undeveloped reserves were used for depletion purposes and developed reserves for depreciation purposes. The costs of unproven lands relinquished and dry holes have been charged to expense when the status of the property or well has been determined.
6. United States dollars were converted to Canadian dollars at par throughout the statement of earnings. The pro forma balance sheet assets transferred as per Note 1 above were converted to Canadian dollars, except for oil and gas lands rights and leases which are shown at their fair value in Canadian dollars, as follows: current assets, current liabilities, and investments and deposits at the exchange rate prevailing at July 31, 1961; and oil and gas wells and facilities (less depreciation) at par.
7. A non-recurring gain of \$2,396,882 on the sale of certain natural gas properties in 1956 has been excluded from the statement of earnings.

Auditors' Report

To the Board of Directors of
UNION OIL COMPANY OF CANADA LIMITED

We have examined the accompanying balance sheet and pro forma balance sheet of Union Oil Company of Canada Limited as at July 31, 1961 and the statement of earnings of the Canadian Division of Union Oil Company of California for the five years ended December 31, 1960 and the seven months ended July 31, 1961. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statement of earnings when read in conjunction with the notes thereto present fairly, in accordance with generally accepted accounting principles applied on a consistent basis, the financial position of the Company as at July 31, 1961, and the results of the operations of its predecessor for the five years ended December 31, 1960 and the seven months ended July 31, 1961 according to the best of our information and the explanations given to us and as shown by the books of the Company and of its predecessor.

In our opinion the accompanying pro forma balance sheet when read in conjunction with the notes thereto is also properly drawn up so as to present fairly the financial position of the Company as at July 31, 1961 after giving effect to the changes set forth in the heading thereof, according to the best of our information and the explanations given to us.

Calgary, Alberta,
August 31, 1961.

(Signed) McDonald, Currie & Co.
Chartered Accountants

Union Oil Company of Canada Limited **Schedule of Properties**

Proven Oil Properties

The table below sets out pertinent information concerning the proven oil properties in which Union Oil Company of Canada Limited has working interests. Unless otherwise indicated, the interests listed were acquired from Union Oil Company of California as of August 1, 1961.

The following are the headings to the various columns:

- | | | | | | | | | | | |
|---|-------|----------------------------------|---|-------------------------------|-------------|-------------------|-------------------|-------------|-----------------|----------------|
| (1) Area and description. | (2) % | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) |
| (3) Nature of original interest. (Lease means Freehold Lease; Cr. Lse. means Crown Lease; P. & N.G. means Petroleum and Natural Gas; Drig. means Drilling; Resn. means Reservation; Pet. Agt. means Petroleum Agreement.) | | Lease
Lease
Lease | H. & E. Larue
S. Larue
C.A. & J.W. Welbourn | 10/3/53
10/3/53
11/5/57 | 5
5
5 | 12½
12½
12½ | Nil
Nil
Nil | 1
1
1 | 79
79
160 | 40
40
80 |
| (4) Grantor to Union Oil Company of California. | | Cr. Lse. 84496
Cr. Lse. 84496 | Crown | 11/7/51 | 21 | C.R. | 336 | 1 | 652 | 20 |
| (5) Date of instrument. | | 50 | | | | | | | | |
- (6) Primary term of instrument. (Where term has expired interest is being retained through production.)
- (7) Percentage royalty payable by the Company. (C.R. means Crown Royalty, which varies on a formula basis from 5% to 16⅔%; ORR means overriding royalty.)
- (8) The Company's share of annual rental payments.
- (9) Number of gross wells on land described in (1).
- (10) Number of gross acres.
- (11) Number of net proven acres.

ALBERTA

ACHESON EAST:										
52-25-4; SE¼ Sec. 30 (½ int.)	100	Lease	H. & E. Larue	10/3/53	5	12½	Nil	1	79	40
52-25-4; SE¼ Sec. 30 (½ int.)	100	Lease	S. Larue	10/3/53	5	12½	Nil	1	79	40
52-25-4; NE¼ Sec. 30	100	Lease	C.A. & J.W. Welbourn	11/5/57	5	12½	Nil	1	160	80
DARLING NORTH:										
1-17-4; S½ Lsd. 4 of Sec. 1	100	Cr. Lse. 84496	Crown	11/7/51	21	C.R.	336	1	652	20
Bal. Sec. 1	50	Cr. Lse. 84496								
EAGLESHAM:										
77-25-5; Secs. 1, 2, 11 & 12	50	P. & N.G. Resn. 894	Crown	14/2/53	21	C.R.	1,272	1	2,544	40
77-25-5; Secs. 14 & 15 (a)	50	Drig. Resn. 428	Crown	25/5/59	21	C.R.	636	2	1,272	80
FAIRYDELL:										
57-24-4; NW¼ Sec. 16, ex gas in Viking and Blairmore Zones	100	Cr. Lse. 72151	Imperial Oil	26/5/47	21	C.R.	107	6	160	160
57-24-4; SW¼ Sec. 21 (a)	66⅔	Lease	R. Prefontaine	22/12/52	5	12½	Nil	6	160	107
57-24-4; N¼ of NW¼ Sec. 21, ex gas in Viking and Blairmore Zones (a)	100	Lease	Imperial Oil	11/5/53	5	12½	Nil	1	80	40
57-24-4; S½ of NW¼ Sec. 21 (a)	100	Lease	G. L. Whissell, L. L. Teller, R. Carneau	11/9/52	5	12½	Nil	1	80	40
JOFFRE:										
39-27-4; SW¼ Sec. 23	50	Lease	C.N.Ry.	8/10/57	1	Nil	Nil	1	160	80

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
NESTOW:	%					%	\$			
60-24-4: SE $\frac{1}{4}$ Sec. 27	50	Cr. Lse. 81227	Pacific Pete, B.A. Oil, Seaboard Oil, Can. Fortune Oil, Sharples Oil.	29/11/50	21	C.R.	80	1	160	20
PEMBINA:										
45-9-5: NE $\frac{1}{4}$ Sec. 20, NW $\frac{1}{4}$ Secs. 21, 22, 23, NW $\frac{1}{4}$ Sec. 24, W $\frac{1}{2}$ Sec. 25, Secs. 26, 27, 28, E $\frac{1}{2}$ Sec. 29, SE $\frac{1}{4}$ Sec. 32, S $\frac{1}{2}$ Secs. 33, 34, 35, SW $\frac{1}{4}$ Sec. 36	50	P. & N.G. Resn. 1221	Can. Superior, Great Plains Dev., Bailey-Selburn	28/3/55	21	C.R.	2,560	1	5,120	40
REAGAN:										
Parcel A-1-19-4: Lsd. 1 of Sec. 6	50	Cr. Lse. 71703	S. R. Vallance	3/2/47	21	C.R.	Nil	1	43	20
RED EARTH:										
87-8-5: Sec. 7, W $\frac{1}{2}$ Secs. 8, 17, Secs. 18, 19, W $\frac{1}{2}$ Sec. 20, SE $\frac{1}{4}$ Sec. 21, NW $\frac{1}{4}$ Sec. 22, S $\frac{1}{2}$ Sec. 23, E $\frac{1}{2}$ Sec. 24, W $\frac{1}{2}$ Sec. 25, Secs. 26, 27, 28, E $\frac{1}{2}$ Sec. 29, SE $\frac{1}{4}$ Sec. 32, S $\frac{1}{2}$ Secs. 33, 34, 35, SW $\frac{1}{4}$ Sec. 36	100	P. & N.G. Resn. 2349	Crown	17/5/56	21	C.R.	2,880	3	2,880	240
87-8-5: NE $\frac{1}{4}$ Sec. 8, NW $\frac{1}{4}$ Sec. 9, Sec. 16, E $\frac{1}{2}$ Sec. 17, SE $\frac{1}{4}$ Sec. 20, S $\frac{1}{2}$ Sec. 21	100	P. & N.G. Resn. 2349	Crown	17/5/56	21	C.R.	1,924	1	1,924	80
87-8-5: NW $\frac{1}{4}$ Sec. 21	100	P. & N.G. Resn. 2349	Crown	17/5/56	21	C.R.	321	1	321	80
87-8-5: Sec. 31, 87-9-5: Secs. 35, 36, 88-8-5: Sec. 6, S $\frac{1}{2}$ Sec. 7, 88-9-5: Secs. 1 & 2, S $\frac{1}{2}$ Secs. 11, 12	100	P. & N.G. Resn. 2349	Crown	5/5/58	21	C.R.	4,800	2	4,800	160
88-7-5: Secs. 16-21 inc. Secs. 28, 29, 30	100	P. & N.G. Resn. 2351	Crown	30/4/58	21	C.R.	5,760	1	5,760	80
87-7-5: Secs. 29-32 inc. 88-7-5: Secs. 5 & 6, 87-8-5: Secs. 25 & 36, 88-8-5: Sec. 1	100	P. & N.G. Resn. 2351	Crown	1/2/60	21	C.R.	5,760	1	5,760	80
88-8-5: NW $\frac{1}{4}$ Secs. 17, 18, Secs. 19, 20, 29, 30, S $\frac{1}{2}$ Secs. 31, 32	100	P. & N.G. Resn. 2349	Crown	3/10/58	21	C.R.	5,760	1	5,760	80
88-9-5: NW $\frac{1}{2}$ Sec. 13, Secs. 24, 25, S $\frac{1}{2}$ Sec. 36										
REDWATER:										
57-21-4: S $\frac{1}{2}$ Sec. 15	25	Pet. Agt.	Los Nietos Co.	1/1/49	20	12 $\frac{1}{2}$ E	Nil	8	320	80
57-21-4: Lsd. 2, 3, 7 of Sec. 27	25	Pet. Agt.	Los Nietos Co.	1/1/49	20	12 $\frac{1}{2}$ E	Nil	3	120	30
57-21-4: E $\frac{1}{2}$ Sec. 17	25	Pet. Agt.	Los Nietos Co.	1/1/49	20	12 $\frac{1}{2}$ E	Nil	8	320	80
SAMSON: (a)										
44-24-4: NW $\frac{1}{4}$ Sec. 9	50	Ind. Permit 82	P. A. Rothwell	10/6/53	21	C.R.	160	2	320	80
44-24-4: SE $\frac{1}{4}$ Sec. 16	50	Ind. Permit 83	P. A. Rothwell	25/8/53	21	C.R.	80	1	160	40
44-24-4: Sec. 8, NW $\frac{1}{4}$ Sec. 5, NE $\frac{1}{4}$ Sec. 6, NE $\frac{1}{4}$ & SE $\frac{1}{4}$ Sec. 7, SE $\frac{1}{4}$ & SW $\frac{1}{4}$ Sec. 9, NE $\frac{1}{4}$ & Lsd. 14 of Sec. 4	50	Ind. Permit 83	P. A. Rothwell	25/8/53	21	C.R.	977	1	1,954	40
STURGEON LAKE SOUTH:										
68-21-5: NE $\frac{1}{4}$ Sec. 31, NW $\frac{1}{2}$ Sec. 32 (a)	(b)	P. & N.G. Resn. 1679	Liberal Pete.	17/11/54	21	C.R.	720	13	1,440	467
69-21-5: Sec. 5 (a)	(d)									
69-21-5: E $\frac{1}{2}$ Sec. 6 (a)	(b)									
69-22-5: NW $\frac{1}{4}$ Sec. 1, NW $\frac{1}{4}$ Secs. 2, 3, Sec. 10, 11, W $\frac{1}{2}$ Secs. 12, 13, Secs. 14, 15, S $\frac{1}{2}$ Secs. 22, 23 SW $\frac{1}{4}$ Sec. 24	(c)	P. & N.G. Resn. 1057	L. G. Pugseley	30/4/53	21	C.R.	225	25	4,796	94
69-22-5: Sec. 8, 17, 18, 19, 20, 69-23-5: Sec. 24	(c)	P. & N.G. Resn. 1057	L. G. Pugseley	30/4/53	21	C.R.	180	11	3,840	39
69-23-5: Secs. 26, 27, 28, Secs. 33, 34, 35	(c)	P. & N.G. Resn. 1057	L. G. Pugseley	30/4/53	21	C.R.	179	1	3,824	3
69-22-5: W $\frac{1}{2}$ Sec. 16	6 $\frac{1}{4}$	Cr. Lse. 101045	Crown	11/6/54	21	C.R.	20	2	320	10

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	%					%	\$			
STURGEON LAKE SOUTH (cont'd.):										
68-21-5: Secs. 29, 30, S½ & Secs. 31, 32	(b)	P. & N.G. Resn. 1679	Liberal Pete.	17/11/54	21	C.R.	1,440	20	2,880	800
68-22-5: Sec. 25, S½ Sec. 36	(b)	P. & N.G. Resn. 1679	Liberal Pete.	7/2/55	21	C.R.	1,600	2	3,200	80
68-22-5: Secs. 28, 29, E½ & Secs. 30, 31, Secs. 32, 33	(b)	P. & N.G. Resn. 1679	Liberal Pete.	7/2/55	21	C.R.	480	5	960	200
VIRGINIA HILLS:										
65-13-5: Secs. 15, 16, 17, 20, 21, 22, 27, 28, 29 (a)	33½	P. & N.G. Resn. 2146	Crown	8/8/57	21	C.R.	1,920	20	5,760	1,067
65-13-5: Secs. 1, 2	33½	P. & N.G. Resn. 2146	Crown	22/1/60	21	C.R.	427	6	1,280	320
65-13-5: Secs. 3, 4	33½	P. & N.G. Resn. 2146	Crown	22/1/60	21	C.R.	427	7	1,280	373
65-13-5: Secs. 8	20	Cr. Lse. 114610	Crown	21/4/59	21	C.R.	128	1	640	32
65-13-5: Sec. 9	20	Cr. Lse. 114611	Crown	21/4/59	21	C.R.	128	4	640	128
65-13-5: Sec. 10	20	Cr. Lse. 114612	Crown	21/4/59	21	C.R.	128	4	640	128
BRITISH COLUMBIA										
AITKEN CREEK:										
Map 94-A-13: Block K, Units 19, 20, 29, 30, 39, 40, 49, 50, 59, 60, 69, 70, Block L, Units 11-14, 21-24, 31-34, 41-44, 51-54, 61-64	80	Permit 153	M. E. Manning	15/2/60	21	C.R. & 2 ORR.	6,280	1	6,280	128
MILLIGAN CREEK:										
Map 94-H-2: Block G, Units 41-44, 51-54, 61-64, 71-74, 81-84, 91-94, Block H, Units 49, 50, 59, 60, 69, 70, 79, 80, 89, 90, 99, 100	50	Permit 194	New Continental Oil	1/4/58	21	C.R. & 2½ ORR.	3,124	9	6,248	779
WILDMINT:										
Map 94-H-2: Block A, Units 24-27, 34-37, 44-47, 54-57, 64-67, 74-77, 84-87, 94-97	50	Permit 194	New Continental Oil	29/1/60	21	C.R. & 2½ ORR.	2,784	2	5,567	174
MANITOBA										
DALY:										
9-28-1: NE¼ Sec. 21, SE¼ Sec. 28	50	Lease	B.A. Oil	26/10/50	10	12½	Nil	2	320	40
9-28-1: Lsd. 15 of Sec. 1	50	Lease	B.A. Oil	5/8/50	10	12½	Nil	1	160	20
Lsd. 9, 10 & 16 of Sec. 1	100									
9-28-1: S½ Sec. 31	50	Lease	B.A. Oil	5/8/50	10	12½	Nil	2	320	40
9-28-1: Lsds. 5 & 6 of Sec. 33	50	Lease	B.A. Oil	26/10/50	10	12½	Nil	1	80	20
9-28-1: Lsds. 2, 7 & 8 of Sec. 32	50	Lease	B.A. Oil	26/10/50	10	12½	Nil	2	120	40
VIRDEN-ROSELEA:										
10-26-1: Sec. 27 ex 24.104 acres out o Lsds. 4, 5 & 12, & also Lsd. 16	50	Lease	B.A. Oil	11/8/50	10	12½	Nil	} 562		} 240
10-26-1: Ptn. W¼ Sec. 27, S. of E. bdy CPR Plan 253 & N. of S. bdy CPR Plan 50	50	Lease	B.A. Oil	27/8/53	2	12½	Nil			
10-26-1: Ptn. SW¼ Sec. 27 lying SW of CPR Plan 158	50	Lease	B.A. Oil	20/10/53	10	12½	Nil			
10-26-1: Ptn. SW¼ Sec. 27 S. of CPR Plan 50 ex Ptn. S. of CPR Plan 158	50	Lease	B.A. Oil	16/9/53	10	12½	Nil			
10-26-1: Ptn. Sec. 27 shown on Plan 263 Public Road	50	Cr. Lse.	B.A. Oil	14/9/53	9	C.R.	6	} 3	} 160	} 60
10-26-1: NE¼ Sec. 13	50	Lease	B.A. Oil	24/8/50	10	12½	Nil			
VIRDEN-SCALLION NORTH:										
11-26-1: Lsds. 2, 3, 4 of Sec. 34	50	Lease	B.A. Oil	19/9/50	10	12½	Nil	3	320	60
Lsds. 1, 5, 6, 7, 8 of Sec. 34	20 (e)									

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	%					%	\$			
VIRDEN-SCALLION NORTH (cont'd.):										
11-26-1: W½ Sec. 28 ex CPR R/W	50	Lease	B.A. Oil	16/8/50	10	12½	Nil		312	136
11-26-1: Ptn. NW¼ Sec. 28 containing CPR R/W	50	Lease	B.A. Oil	8/9/55	10	12½	3	7	6	3
Plan 253										
11-26-1: Ptn. SW¼ Sec. 28 containing CPR R/W Plan 253	50	Lease	B.A. Oil	8/9/55	10	12½	1		2	1
WOODNORTH:										
8-27-1: N½ Sec. 28	50	Lease	B.A. Oil	16/8/50	10	12½	Nil	5	320	100
SASKATCHEWAN										
ALAMEDA:										
3-2-2: NE¼ Sec. 13	50	Lease	B.A. Oil	20/4/51	10	12½	Nil	2	161	80
CARNDUFF:										
2-34-1: SE¼ Sec. 24	50	Lease	B.A. Oil	10/1/52	10	12½	Nil	2	160	80
2-34-1: Lsds. 3 & 4 of Sec. 21	50	Lease	B.A. Oil	12/2/52	10	12½	Nil	1	80	40
HASTINGS:										
3-33-1: NE¼ Sec. 31	100	Lease	B.A. Oil	20/9/51	10	12½	Nil	2	160	160
HASTINGS:										
4-1-2: NE¼ Sec. 12	50	Lease	B.A. Oil	22/2/52	10	12½	Nil	2	160	80
KINGSFORD WEST:										
4-7-2: N½ Sec. 23	50	Lease	B.A. Oil	17/5/51	10	12½	Nil	3	320	120
MIDALE:										
6-10-2: NW¼ Sec. 9	50	Lease	B.A. Oil	15/6/51	10	12½	Nil	2	160	80
5-11-2: Sec. 25	50	Lease	B.A. Oil	25/4/51	10	12½	Nil	1	640	40
PARKMAN:										
9-33-1: NW¼ & Lsds. 9 & 10 of Sec. 21	16%	Lease	R. T. Bennett	1/11/51	10	12½	Nil	5	240	27
9-33-1: NW¼ Sec. 22	16%	Cr. Lse. PN4047	Tidewater Oil	1/7/56	21	C.R.	27		160	13
9-33-1: Lsds. 1 & 2 & SW¼ Sec. 28	16%	Cr. Lse. PN4046	Tidewater Oil	1/7/56	21	C.R.	40		240	13
9-33-1: SW¼ Sec. 21	16%	Lease	Central DelRio	28/5/49	10	12½	Nil		160	13
9-33-1: Lsds. 15 & 16 of Sec. 21	33%	Lease	R. T. Bennett	1/11/51	10	12½	Nil		80	27
9-33-1: S½ Sec. 21	50	Lease	R. T. Bennett	1/11/51	10	12½	Nil	4	320	160
STEELMAN:										
3-4-2: Lsd. 1 of Sec. 27	50	Lease	Est. E. Pickard & Gr. Trunk Pac. Br. Lines Co.	26/7/54	10	12½	Nil	1	80	40
WEYBURN:										
6-14-2: S½ Sec. 26	50	Lease	B.A. Oil	27/4/51	10	12½	Nil	4	320	160
WILLMAR:										
6-3-2: SE¼ Sec. 8	100	Lease	Brown Oils	1/10/52	10	12½	Nil	2	160	160

- (a) Interest is also included under Proven Gas Properties.
(b) 50%; interest expected to be reduced to 33⅓% during the latter part of 1962.
(c) 4-11/16% down to 5,003 feet; 6¼% below 5,003 feet.
(d) 17.55% in Wabamun formation; 33⅓% in all other rights.
(e) Net Profits Interest.

Union Oil Company of Canada Limited **Proven Gas Properties**

The table below sets out pertinent information concerning the proven gas properties in which Union Oil Company of Canada Limited has working interests. Unless otherwise indicated, the interests listed were acquired from Union Oil Company of California as of August 1, 1961.

The following are the headings to the various columns:

- | | |
|--|--|
| <p>(1) Area and description.</p> <p>(2) Percentage interest of the Company.</p> <p>(3) Nature of original interest. (Lease means Freehold Lease; N.G.L. means Natural Gas Lease; Drilg. Resn. means Drilling Reservation; Cr. Lse. means Crown Lease; P. & N.G. Resn. means Petroleum and Natural Gas Reservation; Pet. Agt. means Petroleum Agreement; N.G. Lic. means Natural Gas Licence.)</p> <p>(4) Grantor to Union Oil Company of California.</p> | <p>(5) Date of instrument.</p> <p>(6) Primary term of instrument. (Where term has expired interest is being retained through production.)</p> <p>(7) Percentage royalty payable by the Company. (C.R. means Crown Royalty, which is the greater of $\frac{3}{4}\%$ per 1,000 cubic feet or 15% of the value at the time and place of production; ORR means overriding royalty.)</p> <p>(8) The Company's share of annual rental payments.</p> <p>(9) Number of gross wells on land described in (1).</p> <p>(10) Number of gross acres.</p> <p>(11) Number of net proven acres.</p> |
|--|--|

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
ALBERTA										
ACHESON EAST:										
52-25-4; Ptn. NW $\frac{1}{4}$ Sec. 19	Lease		R. C. Johnson	3/3/55	5	12 $\frac{1}{2}\%$	\$ 155		155	155
52-25-4; NE $\frac{1}{4}$ Sec. 19	Lease		F. Johnson	3/3/55	5	12 $\frac{1}{2}\%$	160		160	160
52-25-4; SW $\frac{1}{4}$ Sec. 19	Lease		Est. J. S. Short	13/5/57	5	12 $\frac{1}{2}\%$	158		158	158
52-25-4; SE $\frac{1}{4}$ Sec. 19	Lease		M. Battaille	23/5/57	3	12 $\frac{1}{2}\%$	160		160	160
52-25-4; Ptn. NW $\frac{1}{4}$ Sec. 19	Lease		Cath. Diocese of Edmonton	21/5/58	10	12 $\frac{1}{2}\%$	25		5	5
52-25-4; Ptn. SW $\frac{1}{4}$ Sec. 19	Lease		Pub. Trustee	21/5/58	10	12 $\frac{1}{2}\%$	10		2	2
AMISK LAKE:										
64-17-4; Sects. 8, 9, 16, 17, 20, 21, Blairmore & Nisku Zones	50	N.G.L. 17	Home Oil	15/5/52	21	C.R. & 1 ORR	192	1	3,844	320
64-18-4; Sects. 1-3 inc., Sects. 10-15 inc., Blairmore & Nisku Zones	50	N.G.L. 17	Home Oil	15/5/52	21	C.R. & 1 ORR	480	2	9,595	640
ASSINEAU:										
73-8-5; Sec. 7, W $\frac{1}{2}$'s Sects. 8 & 17, Sects. 18, 19, W $\frac{1}{2}$ Secs. 20, 21	50	P. & N.G. Resn. 1953	Crown	10/4/58	21	C.R.	2,879	1	5,757	320
73-9-5; E $\frac{1}{2}$ Sec. 11, Sects. 12, 13, E $\frac{1}{2}$'s Sects. 14, 23, Sec. 24										
BITTERN LAKE:										
47-21-4; Sec. 28	50	Cr. Lse. 75098	Home Oil, Anglo-Canadian, Calg. & Edmonton	20/10/48	21	C.R. & 3 ORR	320	1	640	320
CALGARY:										
26-29-4; Ptn. N $\frac{1}{2}$ Sec. 9	100	Lease	G. D. Ralston	1/5/51	10	12 $\frac{1}{2}\%$	Nil	1	272	272
MORINVILLE:										
55-25-4; Sec. 21	100	Lease	J. Schafers A. K. Bokenfohr L. Brenneis A. C. Packer	24/9/54 29/9/54 1/10/54 1/6/55	5 5 5 5	12 $\frac{1}{2}\%$ 12 $\frac{1}{2}\%$ 12 $\frac{1}{2}\%$ 12 $\frac{1}{2}\%$	Nil Nil Nil Nil	1 1 1 1	160 160 160 160	160 160 160 160

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	%					%	\$			
DUNVEGAN:										
81-4-6: Secs. 7, 8, 18, 19, 20, 21, 28, 29, 30, 31, 32	37½	N.G.L. 34	Crown	11/3/53	21	C.R.	383	1	10,222	320
81-5-6: Secs. 13, 14, 23, 24, 25 Peace River Zone										
EAGLESHAM:										
77-26-5: Secs. 13, 14, 15, 22, 23, 24, 25, 26, 27	50	P. & N.G. Resn. 894	Crown	14/2/53	21	C.R.	2,874	1	5,748	320
77-25-5: Secs. 14 & 15(a)	50	Drig. Resn. 428	Crown	25/5/59	21	C.R.	636	1	1,272	320
EAGLESHAM EAST:										
78-25-5: Secs. 35, 36 Blusky & Bullhead Zones	50	Drig. Resn. 111	Crown	31/1/57	21	C.R.	192	1	3,837	320
FAIRYDELL:										
57-24-4: SE¼ Sec. 21	100	Lease	O. Prefontaine	8/8/52	5	12½	Nil	}	160	160
57-24-4: NE¼ Sec. 21	100	Lease	J. O. & P. L. Prefontaine	28/10/52	5	12½	Nil		160	160
57-24-4: S½ of NW¼ Sec. 21 (a)	100	Lease	G. L. Whissell, L. R. Tellier, R. Garneau	11/9/52	5	12½	Nil		80	80
57-24-4: SW¼ Sec. 21 (a)	66⅔	Lease	R. Prefontaine	22/12/52	5	12½	Nil		160	107
57-24-4: NW¼ Sec. 21 (a)	100	Lease	Imperial Oil	11/5/53	5	12½	Nil		80	—
FLAT LAKE:										
66-20-4: Sec. 3	100	Cr. Lse. 103858	Crown	21/11/55	21	C.R.	640	1	640	640
FT. SASKATCHEWAN:										
55-22-4: Sec. 3	100	Lease	A. W. Monti W. R. Moore	21/8/51 27/8/60	10 3	12½	206	}	206	175
			W. R. & E. L. Moore	27/8/60	3	12½	3		3	3
			M. S. Halwa	18/8/60	5	12½	101		101	101
			Crown	6/1/61	21	C.R.	167		184	57
53-21-4: S½ Sec. 13	25	N.G.L. 548 Pet.Agt.	West. Minerals	1/1/49	20	12½ & 1 ORR	86	1	257	80
HALFMOON LAKE:										
52-22-4: Sec. 13, S½ Sec. 21, Sec. 27	25	Lease	Imperial Oil	31/12/50	979	12½	Nil	1	1,600	160
HAMELIN CREEK:										
80-6-6: N¼ Sec. 21	37½	Cr. Lse. 97001	Texaco	27/5/53	21	C.R.	621	1	320	120
Other Zone	25									
80-6-6: Secs. 20, 22, Secs. 27, 28, 29, 32, 33, 34	25									
80-6-6: Secs. 23, 26, 35, 81-6-6: Secs. 2, 3, 4, 5, 6 Gething Zone	50	P. & N.G. Resn. 972	Crown	4/6/52	21	C.R.	256	1	4,485	160
80-6-6: S½ Sec. 21	37½	N.G. Lic. 8	Crown	18/1/54	21	C.R.	188	1	5,119	320
80-6-8: Secs. 19, 30, 31, S½ Secs. 20, 22, 81-7-6: Sec. 1, E½ Sec. 12	50								3,842	120
HEART RIVER:										
77-16-5: Secs. 7, 8, 9, 17, 18, 19, Peace River Formation	50	P. & N.G. Resn. 860	N. R. Lindsay	30/10/53	21	(c)	192	2	3,842	640
KAYBOB:										
All of Twps. 61 & 62, Rges. 18, 19, 20, W5M, 1992	50	P. & N.G. Resn. 1992	Hudson's Bay	23/10/53	3	C.R.	(d)	4	92,160	640
MELLOWDALE:										
60-3-5: Secs. 20, 21, 22, 27, 28, 29	100	P. & N.G. Resn. 1229	Crown	30/4/53	21	C.R.	320	1	3,840	640
NORTH FAIRYDELL:										
58-24-4: Sec. 9, ex gas in Blairmore & Viking Zones	50	C.P.R. Lse. PL 3978	Imperial Oil	2/1/53	10	12½	53	}	160	80
	50	Lease	Imperial Oil	24/6/57	10	12½	107		320	160
	50	Lease	Imperial Oil	22/8/47	10	12½	53		160	80

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	%					%	\$			
ROLLYVIEW:										
50-23-4: Ptn. NW¼ Sec. 5	50	C.P.R. Lse. P.L. 5974	Imperial Oil	2/1/53	10	12½	76	1	151	76
50-23-4: E½ & SW¼ Sec. 5	50	C.P.R. Lse. P.L. 5975	Imperial Oil	2/1/53	10	12½	240		480	240
SAMSON: (a)										
44-24-4: N½ Sec. 9	50	Ind. Permit 82	P. A. Rothwell	10/6/53	21	C.R.	160	2	320	80
44-24-4: SE¼ Sec. 16	50	Ind. Permit 83	P. A. Rothwell	25/8/53	21	C.R.	80	1	160	40
44-24-4: Sec. 8, NW¼ Sec. 5, NW¼, NE¼ & SE¼	50	Ind. Permit 83	P. A. Rothwell	25/8/53	21	C.R.	977	1	1,954	40
Sec. 7, S½ Sec. 9, NE¼ & Lsd. 14 of Sec. 4										
STURGEON LAKE SOUTH: (a)										
68-21-5: NE¼ Sec. 31, N½ Sec. 32	33½	P. & N.G. Resn. 1679	Liberal Pte.	17/11/54	21	C.R.	720	1	1,440	177
69-21-5: Sec. 5	(b)									
69-21-5: E½ Sec. 6	33½									
TANGENT:										
81-24-5: Secs. 2-5 inc., Secs. 8-11 inc., Triassic, Paddy-Cadotte, Bluesky Formations	50	P. & N.G. Resn. 877	H. Leah	2/7/52	21	C.R.	256	1	5,120	320
80-24-5: Secs. 4, 7, 8, 9, 17, 18, 19, 20.	50	P. & N.G. Resn. 652	J. H. Jamieson	13/3/53	21	(c)	256	1	5,112	320
Gething & Triassic Zones										
80-24-5: Secs. 1, 3, 10, 12, 13, 14, 15, 16, 21 to 36 inc. Peace River, Gething & Triassic Zones	50	P. & N.G. Resn. 652	J. H. Jamieson	13/3/53	21	(c)	768	3	15,367	960
VIMY:										
58-24-4: W¼ Sec. 5, ex Viking & Blairmore Gas	25	Lease	Imperial Oil	31/12/50	979	12½ & 6¼ ORR	Nil	1	2,062	160
58-25-4: Sec. 15, Sec. 27, N½ & SE¼ Sec. 35										
VIRGINIA HILLS: (a)										
65-13-5: Secs. 15, 16, 17, 20, 21, 22, 27, 28, 29	33½	P. & N.G. Resn. 2146	Crown	8/8/57	21	C.R.	1,920	1	5,760	106
WEST WOODBEND:										
51-26-4: SE¼ Sec. 31	37½	C. Lse. 74540	Home Oil, Anglo-Canadian, Calg. & Edmonton	29/12/48	21	C.R.	15		158	59
51-26-4: SW¼ Sec. 31	37½	C. Lse. 74541	Home Oil, Anglo-Canadian, Calg. & Edmonton	29/12/48	21	C.R.	15		156	59
51-26-4: NE¼ Sec. 31	37½	C. Lse. 74397	Home Oil, Anglo-Canadian, Calg. & Edmonton	20/11/48	21	C.R.	15		158	59
51-26-4: NW¼ Sec. 31	37½	C. Lse. 74398	Home Oil, Anglo-Canadian, Calg. & Edmonton	20/11/48	21	C.R.	15		156	59
BRITISH COLUMBIA										
BUICK CREEK:										
Map No. 94-A-14; Block E, Units 32-35, 42-45, 52-55, 62-65	100	Permit 152	M. E. Manning	25/8/58	21	C.R. & 3½ ORR.	2,797	1	2,797	696
FIREWEED:										
Map No. 94-A-13; Block G, Units 41-46, 51-56, 61-66, 71-76, 81-86, 91-96	80	Permit 153	M. E. Manning	10/12/60	21	C.R. & 2 ORR.	6,290	1	6,290	557
FORT NELSON:										
(e)	30	N.G. Lic. 27	Crown	4/10/59	1	C.R.	366	2	23,929	398

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	%					%	\$			
SNYDER: Map No. 94-A-14; Block F, Units 94-99 Block K, Units 4-9, 14-19, 24-29, 34-39, 44-49	100	Permit 152	M. E. Manning	27/11/59	21	C.R. & 3/2% ORR.	6,283	1	6,283	696
ALDER: (f)										
MILLIGAN (Line): (h)	50	Permit 194	New Continental Oil	4/1/52	11	C.R. & 2 1/2% ORR.	(g)	1	38,362	346
MILLIGAN CREEK: Map No. 94-H-2; Block H, Units 8-10, 18-20 Block G, Units 1-3, 11-13 inc.	33 1/2	Permit 137	B.A. Oil	27/10/51	11	C.R.	(g)	1	250,291	232
PADDY: (i)	50	Permit 194	New Continental Oil	29/1/60	21	C.R. & 2 1/2% ORR.	1,043	1	2,085	348
	33 1/2	Permit 139	B.A. Oil	27/10/51	11	C.R.	(g)	1	245,650	213

(a) Interest is also included under Proven Oil Properties.

(b) 17.55% in Wabamun formation; 33 1/2% in all other rights.

(c) Crown (5%-16 2/3%) plus \$5,000 from 1% of first production.

(d) Rentals on P. & N.G. Reservations are as follows: 1st year—Nil; 2nd year—1st three month period—7¢ per acre (extendable); 2nd three month period—7¢ per acre (extendable); 3rd three month period—8¢ per acre (extendable); 4th three month period—8¢ per acre (extendable); 3rd year—1st three month period—10¢ per acre; 2nd three month period—15¢ per acre; 3rd three month period—20¢ per acre; 4th three month period—25¢ per acre. Ministerial extensions may be applied for.

(e) Map No. 94-J-10; Block I, Units 7-10, 17-20, 27-30, 37-40, 47-50, 57-60, 67-70, 77-80, 87-90, 97-100, Block J, Units 1-84, 91-94.
Map No. 94-J-15; Block A, Units 7-10, 17-20, 27-28, 37-38, Block B, Units 1-2, 11-12.

(f) Map No. 94-H-1; Block D, Units 18-20, 28-30, 38-40, 48-50, 58-60, 68-70, 78-80, 88-90, 98-100, Block E, Units 8-10, 18-20, 28-30, 38-40, 48-50, 58-60, 68-70, 78-80, 88-90, Block F, Units 8-10, 18-20, 28-30, 38-40, 48-50, 58-60, Map No. 94-H-2; Block A, Units 11-13, 18, 21, 31, 41, 51, 61, 71, 81, 91, Block B, Units 94 & 95, Block G, Units 25 & 35, Block H, Units 1-3, 11-13, 21-27, 31-37, 41-46, 51-56, 61-66, 71-76, 81-86, 91-96, Block I, Units 1-8, 11-18, 21-60, Block J, Units 21, 32, 31, 32, 41, 42, 51, 52.

(g) All British Columbia Permits listed are Class "C" Permits. Rentals on Class "C" Permits are: 1st, 2nd and 3rd years—5¢ per acre per year. 4th, 5th, 6th, 7th and 8th years—10¢ per acre

per year. 9th year—12 1/2¢ per acre per year; 10th year—15¢ per acre per year. 11th year—25¢ per acre per year.

(h) Map No. 94-H-1; Block A, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, 92-100, Block B, Units 1-100, Block C, Units 1-100, Block D, Units 1-7, 11-17, 21-27, 31-37, 41-47, 51-57, 61-67, 71-77, 81-87, 91-97, Block E, Units 1-7, 11-7, 21-27, 31-37, 41-47, 51-57, 61-67, 71-77, 81-87, 91-97, Block F, Units 1-100, Block G, Units 1-100, Block H, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, 92-100, Block I, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, Block J, Units 1-100, Block K, Units 1-100, Block L, Units 1-7, 11-17, 21-27, 31-37, 41-47, 51-57, 61-67, 71-77, 81-87, 91-97, Map No. 94-H-8; Block A, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, Block B, Units 1-90, Block C, Units 1-90, Block D, Units 1-7, 11-17, 21-27, 31-37, 41-47, 51-57, 61-67, 71-77, 81-87, and in addition all land from Long. 120°-00'-45" East to surveyed British Columbia-Alberta Boundary—lying between Latitudes 57°-00'-00" and 57°-15'-30".

(i) Map No. 94-H-9; Block I, Units 42-50, 52-60, 62-70, 72-80, 82-90, 92-100, Block J, Units 41-100, Block K, Units 41-100, Map No. 94-H-16; Block A, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, 92-100, Block B, Units 1-100, Block C, Units 1-100, Block D, Units 1-100, Block E, Units 1-100, Block F, Units 1-100, Block G, Units 1-100, Block H, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, 92-100, Block I, Units 2-10, 12-20, 22-30, 32-40, 42-50, 52-60, 62-70, 72-80, 82-90, Block J, Units 1-100, Block K, Units 1-100, Block L, Units 1-26, 31-36, 41-46, 51-56, 61-66, 71-76, 81-86, 91-96, Map 94-1-1; Block A, Units 2-10, Block B, Units 1-10, Block C, Units 1-10, Block D, Units 1-6 and in addition all land from Long. 120°-00'-45" East to surveyed British Columbia-Alberta Boundary lying between Latitudes 57°-00'-00" and 58°-00'-30".

Unit Agreements (1)

SASKATCHEWAN

INSTOW—relates to oil in the Jurassic formation. It comprises 12,000 acres in Twps. 9 and 10, Rges. 18 and 19, W 3rd. Union contributed its interest in 160 net acres of freehold lease, which was acquired from C. J. Berquist and V. Berquist. Company's interest in the unit is 1.56%. The unit became effective October 1, 1959.

WEST CARNDUFF—relates to oil in the Mississippian formation. It comprises 5,700 acres in Twps. 2 and 3, Rge. 34, W 1st. Union contributed its interest in 80 net acres of freehold lease which was acquired from B.A. Oil. Company's interest in the unit is 0.90%. Such interest is expected to be reduced to 0.38% during 1962. The unit became effective January 1, 1961.

STEELMAN UNIT NO. 1A—relates to oil in the Mississippian formation. It comprises 13,000 acres in Twps. 3 and 4, Rges. 5 and 6, W 2nd. Union contributed its interest in 240 net acres of freehold lease which was acquired from B.A. Oil. Company's interest in the unit is 1.90%. Such interest is expected to be reduced to 1.81% during 1963. The unit became effective July 1, 1961.

STEELMAN UNIT NO. 6—relates to oil in the Mississippian formation. It comprises 14,000 acres in Twps. 3 and 4, Rges. 4 and 5, W 2nd. Union contributed its interest in 320 net acres of freehold lease, which was acquired from the estate of E. Pickard and the Grand Trunk Pacific Branch Lines Company. Company's interest in the unit is 0.61%. Such interest is expected to be increased to 1.04% during 1963. The unit became effective July 1, 1961.

(1) Union means Union Oil Company of California.

ALBERTA

ALEXANDER—relates to gas in the Basal Quartz formation. It comprises 7,857 acres in Twp. 56, Rges. 27, W 4th and 1, W 5th. Union contributed its royalty interest in 5,590 net acres of freehold and Crown lease, which were acquired in 3 parcels from D. I. Kilgore, J. C. Nichol and Imperial Oil, respectively, and subsequently farmed out to Midwestern Industrial Gas. Company's interest in the unit is a royalty of 2 1/2¢—3 1/2¢ per Mcf. on 44% of the gross production. The unit became effective March 1, 1960.

INNISFAIR—relates to oil in the Leduc Reef formation. It comprises 7,000 acres in Twps. 34 and 35, Rge. 1, W 5th. Union contributed a portion comprising 80 net acres of 2 leases which were acquired in one parcel from N. J. Manuel and N. M. Manuel, respectively. Company's interest in the unit is 0.96%. The unit became effective November 1, 1960.

NORTH PEMBINA CARDIUM—relates to oil in the Cardium formation. It comprises 45,120 acres in Twps. 48 and 49, Rges. 7 and 8, W 5th. Union contributed its interest in 320 net acres of Crown lease, acquired from the Crown. Company's interest in the unit is 0.53%. The unit became effective September 1, 1959.

NEVIS—relates to gas in the Devonian formation. It comprises 33,400 acres in Twps. 38, 39 and 40, Rges. 21, 22 and 23, W 4th. Union contributed its interest in 25 net acres of freehold lease which was acquired from D. R. Curt. Company's interest in the unit is 0.01%. The unit became effective December 1, 1959.

Statutory Information

(a) The full name of the Company is Union Oil Company of Canada Limited (hereinafter called the "Company") and its head office is situated at 709 Eighth Avenue South West, Calgary, Alberta. The Company was incorporated under the Companies Act of Canada by letters patent dated December 6, 1921. Supplementary letters patent varying and amending the said letters patent were granted to the Company on July 28, 1961.

(b) The general nature of the business transacted and to be transacted by the Company is the acquisition, exploration, drilling and development of prospective and proved crude oil and natural gas properties, and the production and sale of crude oil and natural gas.

From 1921 to 1945 the Company was engaged in the manufacture, sale and distribution of petroleum products in Western Canada, but not in the exploration for, or the production of, crude oil and natural gas. In 1945 the Company sold its operating assets. From that time to August 1, 1961 it was engaged in the acquisition from time to time of oil and gas reservations and leases for its parent company, Union Oil Company of California. Pursuant to an agreement dated as of August 1, 1961, the Company acquired as at August 1, 1961 all the assets of the Canadian Division of Union Oil Company of California. Reference is made to paragraph (zc) (i) for further particulars of the said agreement.

(c) The names in full, present occupations and home addresses in full of the directors and officers of the Company are as follows:

Directors

William Edwin Farrar.....	Executive.....	1209 Prospect Avenue, Calgary, Alberta
Harold Scanlon Foley.....	Executive.....	1503 Angus Drive, Vancouver, British Columbia
Basil Pocock Kantzer.....	Executive.....	1945 Loma Vista Drive, Beverly Hills, California
David Griffith McConnell.....	Executive.....	1250 Lakeshore Drive, Dorval, Quebec
William Culver Riley.....	Executive.....	330 Kingsway Avenue, Winnipeg, Manitoba
Reese Hale Taylor.....	Executive.....	1255 Shenandoah Road, San Marino, California
Dudley Tower.....	Executive.....	446 North Barrington Avenue, Los Angeles, California

Officers

Reese Hale Taylor.....	Chairman of the Board.....	1255 Shenandoah Road, San Marino, California
William Edwin Farrar.....	President.....	1209 Prospect Avenue, Calgary, Alberta
Edward William Scott.....	Vice-President.....	1212 Montreal Avenue, Calgary, Alberta
Robert R Roethke.....	Vice-President.....	1327 Frontenac Avenue, Calgary, Alberta
William Pentelow Taylor.....	Secretary-Treasurer and.....	825 Durham Avenue, Calgary, Alberta
	General Counsel	
James Irving Bell.....	Comptroller.....	1914 Eleventh Street, South West, Calgary, Alberta

(d) McDonald, Currie & Co., Chartered Accountants, 528 Eighth Avenue South West, Calgary, Alberta, are the auditors of the Company.

(e) The Royal Trust Company at its principal offices in Montreal, Toronto, Winnipeg, Calgary and Vancouver is the Transfer Agent and Registrar for the shares in the capital stock of the Company.

(f) The authorized share capital of the Company consists of 7,500,000 shares of the par value of \$1 each, of which 3,000,000 shares have been issued and are fully paid and non-assessable. Each share in the capital stock of the Company is equal to every other share and all shares participate equally on liquidation or distribution of assets and enjoy full voting rights of one vote per share at all meetings.

(g) There are no bonds or debentures of the Company outstanding or proposed to be issued.

(h) The Company has no knowledge of any shares or other securities of the Company held in escrow. No securities of the Company are covered by options outstanding or proposed to be given by the Company.

(i) and (j) The Company has sold for cash to the date hereof 5,000 shares of the par value of \$100 each for an aggregate consideration of \$500,000. These shares were issued to the Union Oil Company of California in 1922. By supplementary letters patent the capital of the Company was reduced to 5,000 shares of the par value of \$1 each which were issued to Union Oil Company of California, upon such recapitalization, in exchange for said 5,000 shares of the par value of \$100 each, and the authorized shares of the capital stock of the Company were thereupon increased to a total of 7,500,000 shares of the par value of \$1 each. No re-payment was made to the share owner of the Company on the reduction of capital. The \$345,716 operating deficit of the Company was set off against the paid-in premium of \$495,000 which was created by the reduction in capital, leaving a net paid-in premium of \$149,284. No commissions were paid by the Company on the sale of the said shares.

(k) No shares have been issued or are to be issued, and no cash has been paid or is to be paid, to any promoter.

(l) (i) The official designation and location of the proven properties of the Company, together with certain particulars thereof, are set out in the Schedule of Properties appearing on pages 22 to 29 of this prospectus. In addition to its interests in proven properties, the Company has interests in acreage held for exploration purposes in the Provinces of Alberta, British Columbia, Manitoba and Saskatchewan, and the Northwest Territories. Maps showing the location of the Company's proven and unproven properties appear on the inside front cover of this prospectus.

(ii) The properties and interests referred to in sub-paragraph (i) together with all the other assets of the Canadian Division of Union Oil Company of California, Union Oil Center, Los Angeles 17, California, were acquired from that company in consideration of the issuance by the Company of 2,995,000 fully paid and non-assessable shares in the capital stock of the Company.

Such properties, interests and assets were valued by the Company as follows: property and equipment—\$43,143,702; and other assets (less current liabilities)—\$1,856,298; for a total value of \$45,000,000.

(iii) The Company is not aware of any person or company who has received or is to receive from any vendor a greater than 5% interest in the shares or other consideration received or to be received by the vendor.

(m) The means of access to the Company's proven properties and certain of its unproven properties is by public or private road. The balance of the Company's unproven properties are situated in remote areas accessible only by air or ship. The Company has no underground plant and equipment other than conventional equipment used in the production of crude oil and natural gas. The surface plant and equipment of the Company consist of lease gathering pipe lines, separators, tankage, pumping equipment and the usual system of controls used in the production of crude oil and natural gas.

The report of McDaniel Consultants Ltd., dated August 7, 1961, on the Company's crude oil, natural gas liquids and natural gas reserves is set out on pages 11 to 14 of this prospectus and the report of J. C. Sproule and Associates Ltd., dated August 7, 1961, on the Company's unproven property is set out on pages 9 to 11 of this prospectus.

The Company has adopted and is implementing the active exploration and development programmes formerly carried on by the Canadian Division of Union Oil Company of California. While the Company will continue the selective acquisition and active exploration of unproven areas with full consideration to eventual market possibilities, the principal objective will be to increase revenues by an orderly development of proven

properties of the Company and the acquisition of interests in additional proven properties. Unproven holdings which do not warrant further exploration expenditures and continued payment of rentals will be reduced.

(n) Pursuant to an agreement dated August 31, 1961 the Company has agreed to sell and Dominion Securities Corporation Limited has agreed to purchase, as principal, 600,000 shares in the capital stock of the Company, subject to the terms and conditions of the said agreement, at \$15 per share payable in cash against delivery of the certificates representing the said shares. The issue price to the public is as stated on the facing page of this prospectus.

(o) and (p) The proceeds realized by the Company from the sale of the shares offered by this prospectus will be used for the acquisition, exploration, drilling and development of prospective and proved oil and gas properties and for general corporate purposes.

(q) There is no indebtedness intended to be created or assumed by the Company which is not shown in the Pro Forma Balance Sheet of the Company, dated as at July 31, 1961 and forming part of this prospectus, other than commitments in the ordinary course of its business.

(r) (i) The principal business in which each director and officer of the Company has been engaged during the past three years is as follows:

William Edwin Farrar.....	Manager of Lands, Gulf Division of Union Oil Company of California until August 8, 1961 at which time he became the President of the Company.
Director and President	
Harold Scanlon Foley.....	President, Powell River Company Limited and subsequently Vice-Chairman of the Board, McMillan, Bloedel & Powell River Ltd. (until his resignation in April 1961).
Director	
Basil Pocock Kantzer.....	Vice-President,
Director	Union Oil Company of California.
David Griffith McConnell.....	Vice-President,
Director	St. Lawrence Sugar Refineries Ltd.
William Culver Riley.....	President,
Director	The Canadian Indemnity Company, and The Canadian Fire Insurance Company.
Reese Hale Taylor.....	Chairman of the Board,
Director and	Union Oil Company of California.
Chairman of the Board	
Dudley Tower.....	Senior Vice-President and subsequently President of Union Oil Company of California.
Director	
Edward William Scott.....	Geological Co-ordinator, Union Oil Company of California and subsequently Manager of Operations, Canadian Division of Union Oil Company of California until August 8, 1961 at which time he became a Vice-President of the Company.
Vice-President	
Robert R Roethke.....	District Superintendent and subsequently Division Superintendent, Canadian Division of Union Oil Company of California until August 8, 1961 at which time he became a Vice-President of the Company.
Vice-President	
William Pentelow Taylor.....	Resident Attorney, Canadian Division of Union Oil Company of California until August 8, 1961 at which time he became the Secretary-Treasurer of and General Counsel for the Company.
Secretary-Treasurer and	
General Counsel	
James Irving Bell.....	Division Accountant, Canadian Division of Union Oil Company of California until August 8, 1961 at which time he became the Comptroller of the Company.
Comptroller	

- (ii) Reese Hale Taylor and Dudley Tower are shareholders, officers and directors, Basil Pocock Kantzer is a shareholder and officer, and William Edwin Farrar is a shareholder, of Union Oil Company of California from which the Company acquired all the assets of the Canadian Division of Union Oil Company of California pursuant to the agreement referred to in paragraph (zc) (i) hereof.
- (iii) No remuneration has been paid by the Company to its directors and officers during its last fiscal year ended December 31, 1960. It is estimated that the aggregate remuneration to be paid or which will be payable during the current fiscal year to directors as such (other than to directors of the Company who are officers of the Company or of Union Oil Company of California who will receive no remuneration as directors of the Company) will be \$3,100 and to officers as such will be \$45,000.
- (s) No dividends have been paid by the Company since the date of its incorporation.
- (t) Union Oil Company of California, Union Oil Center, Los Angeles 17, California, is in a position to elect a majority of the directors of the Company.
- (u) The Company has not sold any securities other than shares.
- (v) The securities offered by this prospectus are 600,000 shares of the par value of \$1 each in the capital stock of the Company. The issue price to the public and the terms thereof are as stated on the facing page of this prospectus to which reference is hereby made. Reference is also made to paragraphs (i) and (j) and (zc) (i) hereof with respect to the shares in the capital stock of the Company now issued and outstanding.
- (w) The estimated net proceeds to be derived from the sale of the shares in the capital stock of the Company offered by this prospectus on the basis of such shares being fully taken up and paid for will be \$9,000,000 less legal, auditing and other expenses in connection with the issue thereof, amounting to approximately \$75,000.
- (x) No minimum amount, in the opinion of the board of directors of the Company, must be raised by the issue of the shares offered by this prospectus in order to provide the sums required for the purchase of any property purchased or to be purchased, or any preliminary expenses, or any commission, or re-payment of any moneys borrowed by the Company in respect thereto or for the re-payment of any bank loans.
- (y) No amount has been paid within the two preceding years or is payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company.
- (z) The only securities issued within the two years preceding the date hereof for a consideration otherwise than in cash have been the 2,995,000 fully paid and non-assessable shares in the capital stock of the Company issued to Union Oil Company of California pursuant to the agreement referred to in paragraph (zc) (i) hereof and the 5,000 shares of the par value of \$1 each received for previously issued shares in exchange by Union Oil Company of California as referred to in paragraphs (i) and (j) hereof.
- (za) The by-laws of the Company contain the following provisions as to the remuneration of directors:
 "Each of the directors shall receive such remuneration as the board of directors of the Company shall from time to time fix by resolution, and shall be entitled to be reimbursed for travelling and other out-of-pocket expenses properly incurred in connection with the affairs of the Company."
- (zb) No services have been or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds from the sale by the Company of the shares offered by this prospectus except to the extent such proceeds become part of the Company's general funds. No services have been, within the two years preceding the date of this prospectus, or are now proposed to be, paid for by securities of the Company.
- (zc) In addition to contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company, the Company has entered into or has become a party to the following material contracts within the two years preceding the issue of this prospectus:
 - (i) Agreement dated as of August 1, 1961 between the Company and Union Oil Company of California pursuant to which Union Oil Company of California transferred to the Company all of its Canadian properties and assets as consideration and in exchange for 2,995,000 shares of the capital stock of the Company of the par value of \$1 each.
 - (ii) Agreement dated August 31, 1961 between the Company and Dominion Securities Corporation Limited referred to in paragraph (n) hereof.

(iii) Pursuant to the Agreement referred to in sub-paragraph (i) above all the right, title and interest of Union Oil Company of California with respect to agreements entered into by that company relating to the properties and assets of its Canadian Division were assigned to the Company. The material contracts which were entered into by Union Oil Company of California within the two years preceding the date of this prospectus and which have been so assigned, are as follows:

- (a) Agreement dated as of May 26, 1961 between Amerada Petroleum Corporation, The British American Oil Company Limited, Canadian Husky Oil Ltd., Hudson's Bay Oil and Gas Company Limited, Imperial Oil Limited, Shell Oil Company of Canada, Limited, Union Oil Company of California, Western Leaseholds Ltd. and Canadian Fina Oil, Limited (hereinafter collectively called the "Shippers"), and Peace River Oil Pipe Line Co. Ltd. (hereinafter called "Peace River") and Montreal Trust Company, as trustee. By the terms of this agreement each of the Shippers agreed with Peace River and Montreal Trust Company, as trustee, that so long as any of the First Mortgage Bonds, Series A or First Mortgage Bonds, Series B of Peace River are outstanding, it will tender, or cause to be tendered to Peace River, all crude oil and condensate produced by it in the areas served by the pipe line system of Peace River that is sold for delivery to market outlets served by the pipe line system of Peace River. Peace River agreed with Montreal Trust Company, as trustee, that Peace River will, so far as legally permitted, charge or cause to be charged, tariffs which will provide Peace River with sufficient funds to pay the interest and principal with respect to its Series A Bonds, Series B Bonds, and any other bonds from time to time outstanding under the Deed of Trust and Mortgage under which the Series A Bonds and the Series B Bonds were issued.
- (b) Agreement dated June 30, 1961 between Union Oil Company of California and Alberta and Southern Gas Co. Ltd., providing for the sale by Union Oil Company of California and the purchase by Alberta and Southern Gas Co. Ltd. of a daily contract quantity of 1,192 Mcf. of gas produced from certain properties of the Canadian Division of Union Oil Company of California in the Crossfield Elkton gas field in Alberta subject to a maximum and minimum daily variation from 75% to 120% of such daily contract quantity and a minimum annual purchase obligation of 90% of the daily contract quantity. The term of the contract is for 25 years from the date thereof. It is anticipated that the first delivery will be made in the latter part of 1961. The base price provided for in the agreement is 14½¢ per Mcf., increasing annually and reaching 17¢ in 1968 and thereafter increasing at five year intervals and reaching 21¢ in 1983, and continuing for the remainder of the term. The agreement is subject to cancellation upon the revocation of governmental permits and licences authorizing the removal of gas from the Province of Alberta.
- (c) Agreement dated August 17, 1960 between Union Oil Company of California and Westcoast Transmission Company Limited relating to the proven gas reserves of Union Oil Company of California in Fort Nelson, British Columbia. This agreement provides that if Westcoast Transmission Company Limited extends its pipe lines system to Fort Nelson, Union Oil Company of California will sell gas from such reserves to Westcoast Transmission Company Limited at prices to be agreed upon by the parties, or failing agreement, by arbitration. The term of the agreement is 20 years from commencement of deliveries. The agreement provides, however, the price during the first five years shall not be less than 10¢ per Mcf. or the highest price contracted by Westcoast Transmission Company Limited for the purchase of gas in the Fort Nelson area.
- (d) Agreement dated March 1, 1961 between Union Oil Company of California and Petrogas Processing Ltd. relating to gas produced from the Elkton and Crossfield zones in the Calgary field in Alberta, providing for the sale by Union Oil Company of California and the purchase by Petrogas Processing Ltd. of a daily contract quantity of gas representing a million cubic feet per day for each eight billion cubic feet of gas reserves. The term of the contract is from March 1, 1961 to January 2, 1986. Deliveries are expected to commence late in 1961. The price to be received for pipe line gas will increase by stages from 14¢ in 1961 to 19¼¢ in 1981, such prices being subject to adjustment for certain various charges.

Copies of the said agreements may be inspected at the head office of the Company, 709 Eighth Avenue South West, Calgary, Alberta, during ordinary business hours at any time during the period of primary distribution of the shares offered by this prospectus.

Dated: August 31, 1961.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), by Section 38 of The Securities Act, (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by Part VIII of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Signed) Reese H. Taylor

(Signed) W. E. Farrar

(Signed) Dudley Tower

(Signed) Basil Kantzer

(Signed) Harold S. Foley

(Signed) W. C. Riley

(Signed) D. G. McConnell

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario), by Section 38 of The Securities Act, (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick), by Part VIII of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

DOMINION SECURITIES CORPORATION LIMITED

By; (signed) G. E. Phipps

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Dominion Securities Corporation Limited: G. E. Phipps, G. P. Rutherford S. E. Nixon, N. D. Young, J. G. K. Strathy, D. H. Ward, J. R. Clarke, A. I. Matheson, C. E. Jolly.

New Issue

600,000 Common Shares

(par value \$1 each)

**Union Oil Company
of Canada Limited**

Prospectus

Price: \$16 per share

August 31, 1961

Printed in Canada

38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	No.
(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.	Yes. Montreal Stock Exchange, Vancouver Stock Exchange, Calgary Stock Exchange.
(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.	No.
39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	See paragraph (r) (i) of the Statutory information forming part of the Prospectus attached hereto.
40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing. Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.	See paragraph (zc) on page 33 of the statutory information forming part of the Prospectus attached hereto.
41. Any other material facts not disclosed in the foregoing.	N/A

Dated at Calgary, the 27th day of October, 1961.



UNION OIL COMPANY OF CANADA LIMITED
"W. E. FARRAR", President.
"W. P. TAYLOR", Secretary-Treasurer.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
AS OF SEPTEMBER 28, 1961

Number	Shares
1,314 Holders of 1— 100 shares.....	88,263
350 " " 101—1000 "	108,975
20 " " 1001—2000 "	48,300
13 " " 2001—3000 "	33,855
7 " " 3001—4000 "	25,345
4 " " 4001—5000 "	17,625
17 " " 5001—up "	3,277,637
1,725 Stockholders	Total Shares.....3,600,000

